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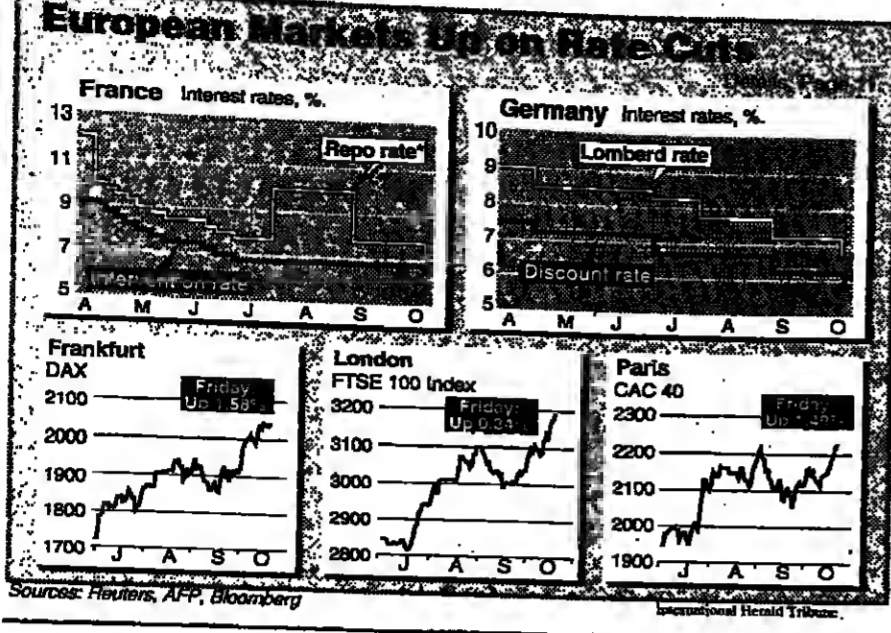
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Dozens Killed in Kashmir Protests

By John Ward Anderson
Washington Post Service

SRINAGAR, India — Indian security forces opened fire on protesters on Friday, killing dozens of people across the Kashmir Valley in worsening violence surrounding a standoff between troops and Muslim militants at a mosque here.

Protesters marched in defiance of a military curfew in the capital city, Srinagar, as well as in several outlying towns, provoking Indian military and security forces to fire into the crowds, attack demonstrators with bamboo poles and blanket many neighborhoods with tear gas.

It was the strongest show of force yet by Indian military forces in the weeklong siege of the Hazratbal Mosque, where government troops have surrounded a shrine long used as a rallying point by militants involved in the civil war over the disputed state of Kashmir.

The showdown at the mosque on Dal Lake has refocused international attention on the civil war between militants fighting for independence in the primarily Muslim state of Kashmir and the Indian government forces trying to suppress them.

The struggle, in which thousands of civilians have been killed in the last three and a half years, has global ramifications because it is considered a potential trigger for nuclear war between India and Pakistan, an Islamic nation accused of providing money and arms to the Kashmiri militants. The two countries went to war over their joint Kashmir border in 1971.

Pakistani officials have protested the Indian troops' siege at the mosque, scoffing at India's assertions that it sent troops to the mosque because it feared the militants would damage the holy shrine.

The newly elected Pakistani prime minister, Benazir Bhutto, raised the issue at the meeting of Commonwealth heads of government in Cyprus, prompting vocal protests from Indian officials who accused her of violating the meet-

Clinton Sets Summit With Yeltsin to Show Support

President Will Travel To Moscow in January After NATO Meeting

Compiled by Our Staff From Dispatches

MOSCOW — President Bill Clinton will hold a summit meeting with Boris N. Yeltsin in mid-January as a show of support for the Russian leader's struggle to convert the former communist state into a democracy with a free market economy.

"I am pleased to announce that Presidents Yeltsin and Clinton will hold their next summit in Moscow in the days following the NATO summit in Brussels," Secretary of State Warren M. Christopher said in Moscow.

He declined to give an exact date, but the NATO meeting is on Jan. 10 and 11.

The White House press secretary, Dee Dee Myers, said Mr. Clinton would take in several countries in addition to Russia, including the North Atlantic Treaty Organization meeting. In all, the trip will last a week or eight days, she said.

The decision to send Mr. Christopher to Moscow in October, Vice President Al Gore from Dec. 15 to 17, and then have the president meet with Mr. Yeltsin in January underscores American support for Mr. Yeltsin's government and democratic reforms, Ms. Myers said.

"It shows our ongoing commitment to progress," she said.

Mr. Clinton met with Mr. Yeltsin in Canada in April and promised \$1.6 billion in U.S. aid. The two leaders met again in Tokyo in July at the summit meeting of the leaders of the Group of Seven industrialized democracies.

Mr. Yeltsin met Mr. Christopher on Friday at the Russian leader's country house in Zavidovo outside Moscow. Mr. Yeltsin said afterward that he supported a U.S. plan to expand cooperation between NATO and some members of the former Warsaw Pact.

The proposal, which will be on the agenda at a meeting of NATO foreign ministers next month, calls for former East Bloc nations to take part first in military exercises, starting next year, and eventually to assist in peacekeeping, crisis management and search-and-rescue missions.

Mr. Yeltsin also praised Mr. Clinton for supporting Russia, "consistently, immediately and steadfastly."

Mr. Christopher described the meeting with Mr. Yeltsin as "fascinating" but denied that his visit was an endorsement of Mr. Yeltsin's candidates for parliamentary elections on Dec. 12.

"I don't think my meeting with Yeltsin should be taken as anything but an endorsement of democracy and free-market reform in Russia," he said.

The Russian foreign minister, Andrei V. Kozyrev, who met with Mr. Christopher earlier Friday, said that the two men discussed a Russian plan to set up an international fund for peacekeeping operations in the former Soviet Union.

However, Mr. Christopher said such a fund should be handled by the United Nations.

They also discussed Mr. Yeltsin's suspension of 15 newspapers following a rebellion by hard-liners in the Russian parliament. Mr. Christopher said he was reassured by Mr. Kozyrev's comments.

"I urged him strongly to take into account the need to have maximum press opportunities" to ensure free and fair elections, Mr. Christopher said.

Christopher also met Prime Minister Viktor S. Chernomyrdin and discussed trade, aid issues and the elections.

He said that Mr. Chernomyrdin asked him about "antique" U.S. trade legislation that designates Russia as a Communist country." Mr. Christopher said he hoped Congress would eliminate this language and lift trade restrictions against Russia by the end of the year.

Mr. Chernomyrdin said he had not asked for accelerated U.S. aid for Russia. "We confirmed that we would not like to be beggars but partners," he said.

Mr. Christopher is visiting Russia, Kazakhstan, Ukraine and Belarus, hoping to press the

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SEAT Woes: Automaker Will Cut Jobs In Spain 40%

Compiled by Our Staff From Dispatches

BARCELONA — In a major blow to Spain's stumbling economy, SEAT said Friday that it planned to dismiss 9,000 employees, nearly 40 percent of the Spanish automaker's work force.

Labor leaders asserted that the plan would actually mean the elimination of an additional 30,000 to 40,000 jobs in Spain.

The acting chairman of SEAT, Peter Walzer, said at a news conference that the company would stop making cars at its 40-year-old Zona Franca factory in Barcelona, which employs 13,600. He said Volkswagen AG of Germany, which owns SEAT, wanted to convert the plant to a technology park for makers of auto parts.

The largest Spanish trade union, the General Workers' Union, rejected the plan and threatened large protest demonstrations against it.

SEAT, or Sociedad Española de Automóviles de Turismo SA, expects to have a loss this year of 100 billion pesetas (\$753.7 million), more than seven times its deficit in 1992 of 13 billion pesetas.

Volkswagen is Europe's largest and the world's fourth-largest car manufacturing group. SEAT, Spain's only national carmaker, is also the largest manufacturing employer in a country where the unemployment rate was 21.2 percent in August, by far the highest in the European Community.

Mr. Walzer, seeking to minimize the impact of the announcement, said SEAT would move production of its Toledo model of cars to its new plant at Martorell in Catalonia in 1994. The company's third plant, near Pamplona, would apparently not be affected by the changes.

"Our objective is to assure the definitive future of SEAT and of the 15,000 jobs which remain," he said.

Mr. Walzer said SEAT did not intend to dismiss the 9,000 workers immediately. He said that some would qualify for early retirement and that others would be laid off over a period of two years.

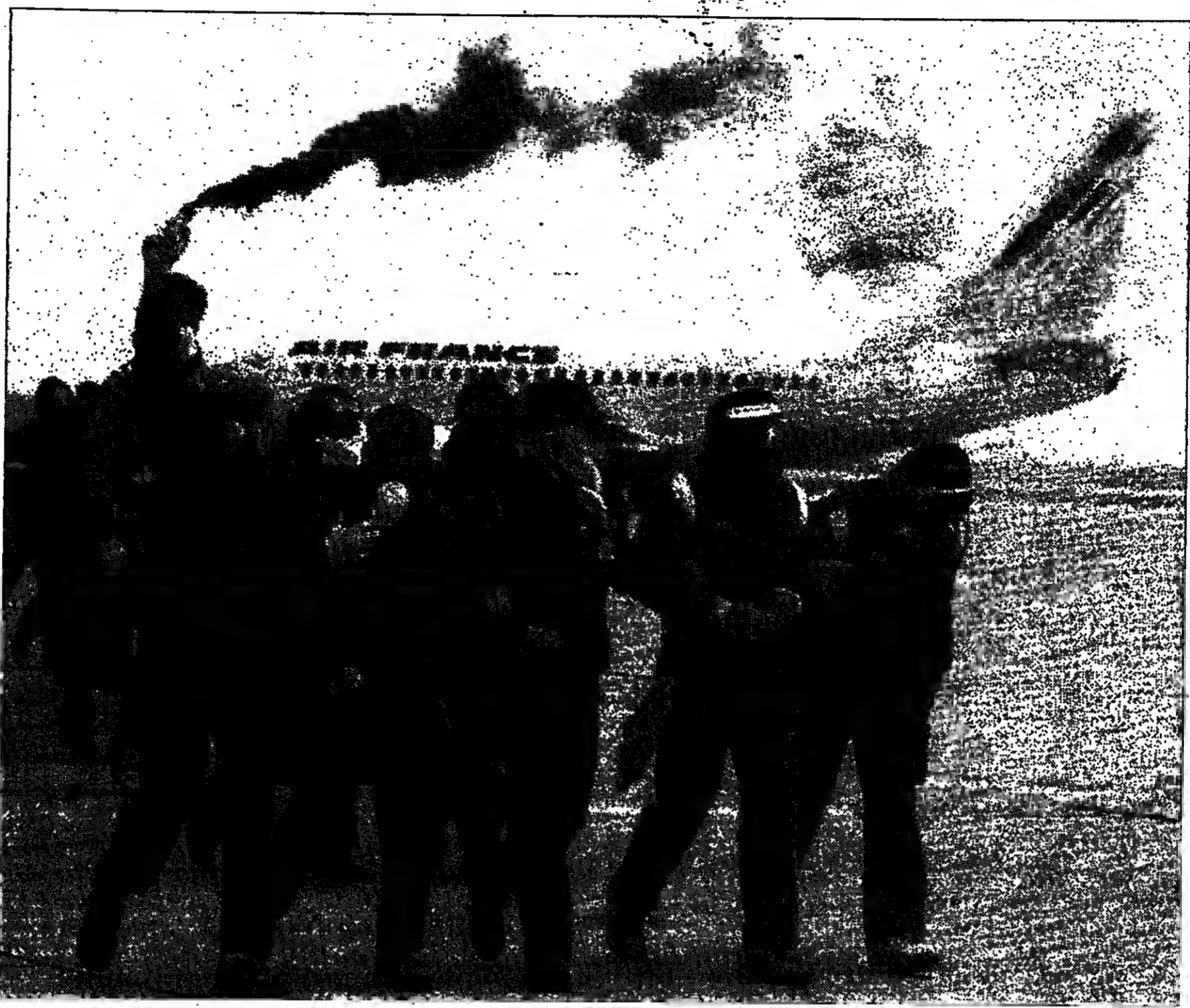
Disputing the contention of organized labor, he denied that the job cuts would mean job losses among the company's suppliers — "quite the opposite, in fact," he said. He said 1,800 jobs could be created if the company bought more parts in Spain rather than importing them from Volkswagen suppliers in Germany.

But he acknowledged that there were no indications that car sales would pick up substantially in the near future. He said production at the Zona Franca plant was running at 90,000 cars a year, or 24 percent of capacity.

"No company can operate at 24 percent of capacity," Mr. Walzer said. He said the Martorell plant was producing 250,000 cars a year, about 75 percent of capacity.

Sales of cars made in Spain fell nearly 17 percent in the year ended Sept. 30, a slightly worse performance than the average for all Western European producers, according to manufacturers' figures.

(Reuters, Bloomberg, AP)



Striking Air France workers, one brandishing a flare, linked arms as they walked across the runway at Orly Airport south of Paris on Friday after a confrontation with riot policemen.

Air France Strikers Disrupt Paris Airports for 4th Day

By Jacques Neher
International Herald Tribune

PARIS — Striking Air France employees again clashed with the police at Orly International Airport on Friday, disrupting flights for the fourth consecutive day in a labor action whose effects rippled around the world.

International airlines and the tourism industry were losing millions of dollars, and business at hundreds of companies was disrupted as freight remained blocked at airport warehouses.

And as no resolution was in sight, people hoping to leave Paris at the beginning of mid-term school vacation were scrambling to find other transportation.

Foreign airlines, already suffering in a depressed industry, expressed frustration with the government for having failed to take action quickly to keep the airports operating fully. On Friday, an association representing 95 airlines serving Paris voted to explore suing the government-run Paris airport authority.

"Clearly, we're looking to assign responsibility if we can," said Glenn Zander, deputy chairman of TWA. "This has not been an inexpensive problem."

He said that TWA, now coming out of bankruptcy reorganization, had on Tuesday alone faced expenses of more than \$100,000 to feed, transport and house passengers in Paris and New York.

"If you consider just the American airlines that were affected," Mr. Zander said, "the additional costs could easily mount past \$1 million a day, and that doesn't count lost revenues due to cancellations."

Air France was the principal target of the job action. Although most U.S. airlines have canceled only a few flights, some European airlines have taken it on the chin. Alitalia, for example, had to ground 24 of its 38 flights in and out of Charles de Gaulle on Tuesday, while Lufthansa canceled 28 flights on Tuesday and Wednesday.

The government, fearing that the conflict

See STRIKE, Page 4

Twisted Cucumbers, Donkey Diapers and Euromyths

By Erik Ipsen
New York Times Service

LONDON — Foreign Secretary Douglas Hurd, a Europhile among Brussels boasters, has news for his countrymen. Their cuisine, their coins and their coffins are safe from conformist-crazed Eurocrats.

"The impression remains of a Community seeking to burrow ever deeper into the nooks and crannies of national life," writes Mr. Hurd in the introduction to a new Foreign Office brochure titled "The European Community: Facts and Fairytales." In the main, he insists, that impression is simply wrong.

To set the record straight, a team of civil servants have spent the last year combing the pages of Britain's tabloid press, papers never known for their benevolent or accurate depictions of Brussels. The result is a compendium of 40 of the most prevalent stories about EC excesses. Each is either refuted or explained.

The stories are divided into three categories: "Euromyths," which are defined as falsehoods; "Eurocares," or misunderstandings of EC intentions; and "Eurolunacies," which are examples of the Community's mistakes.

Under the heading of Euromyth, for example, the Foreign Office puts the story that the image of the EC president, Jacques Delors, will soon replace that of Queen Elizabeth II on British notes and coins.

Also, lovers of curvaceous cucumbers will be relieved to learn that EC quality standards do not bar the sale of such vegetables.

For fishermen and fishing boat owners, the booklet contains good news. Contrary to Euro-

U.K. and Ireland To Fall Back to Standard Time

International Herald Tribune

Britain and Ireland will revert to Greenwich Mean Time early Sunday, when clocks will be turned back one hour, from 2 A.M. to 1 A.M.

The change in Britain and Ireland follows by a few weeks the move back to winter time by other European countries.

The United States and Canada will make the change on Oct. 31.

Is Violence Hereditary? A New Finding

By Natalie Angier
New York Times Service

WASHINGTON — Scientists have found a tiny genetic defect that appears to predispose some men toward aggression, impulsiveness and violence, a discovery that is likely to rekindle the harsh debate over the causes of criminal and abnormal behavior.

Researchers emphasized, however, that the finding was limited to a single large family and that the inherited illness was likely to be quite rare in the general population.

Nevertheless, scientists said the discovery was a persuasive advance for human behavioral genetics, a field that has lately been in disarray as previous announcements of genes for manic-depression, schizophrenia and alcoholism have either been disproved or come under withering criticism.

In the new work, researchers from the Netherlands and the United States studied a large Dutch family with a history of erratic and often hostile behavior among some, but not all, males in the group. Those afflicted often react to the most mildly stressful occasions with aggressive outbursts, shouting at, cursing or assaulting the person they deem a threat.

At other times, the men have committed arson, attempted rape and exposed themselves in public. In addition, their intelligence is on the low end of normal, with an average IQ of around 85 to 90.

The researchers have linked the abnormal behaviors to mutations in the gene responsible for the body's production of monoamine oxidase-a, an enzyme critical for breaking down chemicals that allow brain cells to communicate.

The scientists do not yet know the exact mechanism of the disorder, but they propose that lacking the metabolic enzyme, the brains of afflicted men end up with excess deposits of potent signaling molecules like serotonin, dopamine and noradrenaline. Those surplus neurotransmitters in turn stimulate erratic, often hostile conduct.

"A human behavior like aggression is very complex," said Dr. Han G. Brunner, a geneticist at University Hospital in Nijmegen, the Netherlands. "But our study shows that in certain instances a biological factor clearly influences the behavior." Dr. Brunner is the lead author of the report, which appeared Friday in the journal Science.

Comparing the monamine oxidase-a genes in five afflicted and 12 nonafflicted males of the

See GENE, Page 4

STARTING MONDAY:
 2 New Features on Personalities and Businesses

SMALL BUSINESS

Up and Coming

An occasional series about the names in tomorrow's headlines.

Two new features debut in Monday's Trib. The first will introduce up-and-coming personalities — the people whose names will make tomorrow's headlines in a variety of fields and all parts of the world. The second

— profiles of small companies with innovative products, inventive management or clever ideas — will tell the story of entrepreneurship in action. These occasional features will appear in Monday's news and finance pages.

Kiosk

2 Get Life for Florida Tourist Attack

Dow Jones	Trib Index
Up 13.14 3,649.30 @ 4 P.M.	Up 0.37% 116.66 @ 4 P.M.
The Dollar	
DM	1.676
Pound	1.4735
Yen	108.10
FF	5.8339

WEST PALM BEACH, Florida (AP) — Two white men were sentenced Friday to life in prison for dousing a black tourist with gasoline and setting him on fire.

The two, Mark Kolub, 27, and Charles Rourk, 33, received the maximum sentence for the attempted murder of Christopher Wilson, a New York City stock brokerage clerk. "Thank God it's over," Mr. Wilson said. "Justice was done."

Judge Donald C. Evans, who called the attack among the "most senseless and atrocious crimes" he had ever known, ordered that the life sentences be followed by 40 years for Mr. Rourk and 27 years for Mr. Kolub on charges of kidnapping and robbery.

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Warlord Defies UN As Electricity Crisis Mounts in Sarajevo

By David B. Ottaway
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — A defiant local Bosnian Army warlord has refused to allow the UN Protection Force to repair the main power lines coming into Sarajevo, which has been suffering from an acute shortage of electricity and water for almost two weeks, UN officials disclosed Friday.

There were huge lines of residents at the few communal water spigots still functioning, telephones were out at night in almost all apartment buildings and homes. Making matters worse, there is so little oil that the central brewery, which sits on one of the city's main springs, had only enough fuel supplies without electricity to keep the pumps working for a couple of days.

"If there is no more electricity, there will be only enough water for two days," said Danielle Mallefer, a UN spokesman, on Friday. "Very soon we will reach two liters a day per person if things don't change fast."

Usually it is the Bosnian Serbs, who have been besieging Sarajevo for 18 months now, who are blamed for the unredeemed misery in which the 370,000 Sarajevians live, with scarcely enough food, gasoline, heat, water and medicine to survive.

But this time it seems that Sarajevians have their own indisposed army to blame. The "BH Army," as the army of Bosnia-Herzegovina is known, is plagued with warlordism, rampant indiscipline, turf battles, black market racketeering and gangsterism.

So far, the Muslim-led government, that is dependent on some of these self-styled army commanders for part of the city's defenses, has been unable to deal with the deteriorating law and order situation even in the city's central area.

The man responsible for the electricity crisis is a Bosnian Army officer operating west of the Sarajevo-Kiseljak road. On Thursday he told the UN Protection Force that he did not care what his superiors had arranged, and that he had no intention of allowing its repair team through his checkpoint to the severed powerlines.

The lines run from Jablanica southwest of Sarajevo to Kakanj to the north before coming south into the capital. The site where they have been severed is located in the middle of a war zone, where the Bosnian Army and Bosnian Croat forces are fighting.

Lieutenant Colonel William R. Altkman, the UN Protection Force spokesman here, said that the Bosnian-Herzegovina "commander refused to allow them to pass. He said if his town did not have electricity, nobody would get it."

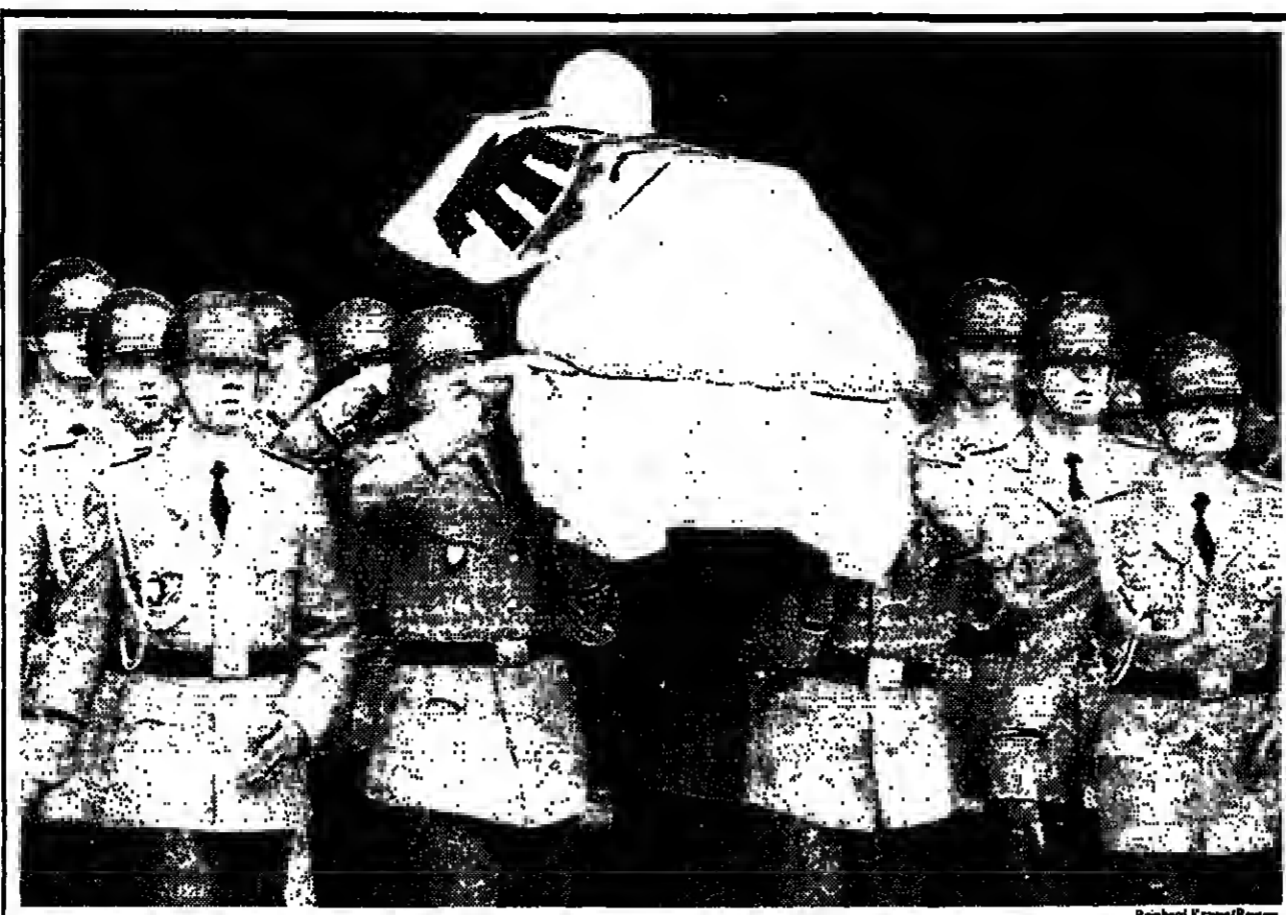
Rebel Muslim Signs Pact
Reuters reported these related developments on Friday.

The rebel Muslim leader, Fikret Abdic, who controls a patch of northwest Bosnia in defiance of the Muslim-led government in Sarajevo, signed a peace agreement with Bosnian Serbs. He made the pact in Belgrade with Radovan Karadzic, the self-proclaimed Bosnian Serb Republic and President Slobodan Milosevic of Serbia.

The Red Cross suspended a mass release of Bosnian Croat and Muslim prisoners of war, saying both sides had reneged on security guarantees for removing detainees from combat zones.

Bosnian Croat women blocked a UN relief convoy when it headed for the encircled and mainly Muslim town of Maglaj.

Forensic experts will begin exhumation next week of a mass grave near Ukovar, believed to contain the bodies of 200 Croat men, the new chairman of the UN commission on war crimes said.



FUNERAL OF A GERMAN PEACEKEEPER — Soldiers in Wunstorf, Germany, on Friday carrying the coffin of Sergeant Alexander Arndt, who was slain in Cambodia last week. Mr. Arndt, 26, a medic, was the first German killed on United Nations duty.

Butros Ghali Makes Disputed Visit to Mogadishu

Compiled by Our Staff From Dispatches
MOGADISHU, Somalia — Secretary-General Butros Ghali of the United Nations made a quick, secretive visit to the peacekeeping mission in Mogadishu on Friday, rejecting advice from President Bill Clinton and UN military advisers that he stay away.

Fearing riots like those set off by the UN chief's trip to Mogadishu last January, UN officials refused even to confirm that Mr. Butros Ghali had made a visit until after he left.

"I had to go to Somalia, to Mogadishu, to show solidarity with UN military and civilian staffs working under very trying conditions," the secretary-general said at a press conference in Nairobi.

Mr. Butros Ghali is widely disliked by some Somali factions because of UN efforts to disarm clan militias. Mohamed Farrah Aidid, the clan leader whose fighters have battled UN troops in southern Mogadishu, also has accused UN officials of ignoring his faction in political negotiations.

Mr. Clinton urged Mr. Butros Ghali not to come to Somalia during a brief trip to the region, fearing that it might aggravate tensions and hamper the renewed effort to work out a peaceful solution of clan conflicts. UN military officials also urged him not to make the trip.

Despite the secrecy, rumors of the visit spread quickly on the streets Friday, and barricades of burning tires produced thick, black smoke at more than a dozen spots.

Pakistani peacekeepers fired tear gas and several warning shots to disperse a crowd that was marching toward the heavily guarded UN headquarters compound.

A UN spokesman, Farouk Mawlawi, speaking just after Mr. Butros Ghali flew back to Nairobi, said the secretary-general also stopped in Baidoa, the stronghold of General Aidid, which has remained relatively calm during four months of periodic fighting in south Mogadishu.

The spokesman said Mr. Butros Ghali spent a little less than four hours in Baidoa, where he met with his special envoy, a retired U.S. admiral, Jonathan Howe, other UN officials and Somali elders. The spokesman said Mr. Butros Ghali leader was greeted "warmly" by Somalis in Baidoa.

Mr. Butros Ghali was at Mogadishu's heavily guarded airport complex for about an hour. Mr. Mawlawi said he met with UN military commanders and then visited a Romanian military field hospital.

The judges were formally notified this week by magistrates in Sicily that they were being investigated for the crime of Mafia association, a serious offense in Italy.

In an article in La Stampa newspaper, Antonio Caponnetto, a retired magistrate who once headed a pool of Mafia-busters in Palermo, said: "This new Sicilian storm again shakes up a country that has been living with one coup de theatre after another. It's a scenario in which truth is not easily defined. We must hope that the investigation of the Palermo magistrates will soon give us the comfort of clear points of reference."

When a bomb exploded early Friday and badly damaged the courthouse in Padua, the police said it was unclear whether local criminals had planted it or whether the blast represented a warning to magistrates investigating graft in the northeastern city. There were no reports of casualties from the explosion.

Adding further discredit to the country's institutions, at least nine judges are being investigated for purported links to the mob. The judges, all from Sicily, included some who had presided over trials and hearings that had permitted mobsters to go free.

"This was a tumor that had to explode sooner or later," said Nino Condorelli, former president of a parliamentary commission that follows Mafia affairs.

The action came a day after the Israelis said that they would free some Palestinian prisoners next week — probably several hundred, officials said — as a first step in the eventual release of thousands of Palestinians held on various charges.

Neither the eased restrictions nor the prisoner release will affect the huge majority of the 1.8 million Arabs living in the West Bank and Gaza Strip. But the political goal is plain: to enable the PLO to prove to its public that there are tangible benefits for Palestinians in its new agreement with Israel on building self-rule in the territories.

At the same time, Israeli leaders hope that they have made these initial moves sufficiently modest that they can deflect charges from the rightist opposition that they have done little since signing the agreement on Sept. 13 but make one-sided concessions without getting anything in return.

With two months to go before Palestinian self-rule is supposed to begin in Gaza and the West Bank city of Jericho, both the PLO and the government of Prime Minister Yitzhak Rabin find themselves caught in an awkward period during which they must maintain the appearance of forward movement. They are now negotiating the details of transforming their agreement in principle into a reality.

And as important as that task is, it could be weeks before they produce anything of substance that proves their partnership is leading

The Plot Thickens: Italian General Quits in 'Mata Hari' Case

By Alan Cowell
New York Times Service

ROME — Italy's security forces were thrown into further disarray Friday with the resignation of one of the country's highest-ranking generals — the latest chapter in a saga of dark plots and unrequited love revolving around a woman called the "Mata Hari of Udine."

General Goffredo Canino, the army chief of staff, quit his post after the 34-year-old woman, Donatella Di Rosa, named him along with her former lover, General Franco Monticone, as co-conspirators in a purported plot to stage a coup in Italy.

Many Italians have treated the whole matter as an amusing diversion from the business of economic and political reform that the government of Prime Minister Carlo Azeglio Ciampi is trying to ram through a corruption-stained political and business elite.

However, Defense Minister Fabio Fabri has taken things more seriously, suspending both General Monticone, the head of Italy's Rapid Intervention Force, and another general, Biaggio Rizzo.

General Monticone has accused Mrs. Di Rosa and her husband of extorting money from him and of inventing the conspiracy charges to thwart legal action he has instigated against her.

Mr. Fabri said Friday that General Canino "had different views about the decisions adopted in the Monticone case" and disagreed with the suspension of General Rizzo and that those views had become "open dissent occasioning his resignation."

The furor surrounding Mrs. Di Rosa — who lives in Udine, the northern town that provides a part of her media nickname — might have seemed more operative than substantive had it not coincided with a sense of unease created by a spate of unexplained bombings this Friday and badly damaged the courthouse in Padua, the police said it was unclear whether local

criminals had planted it or whether the blast represented a warning to magistrates investigating graft in the northeastern city. There were no reports of casualties from the explosion.

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WORLD BRIEFS

Burundi Seals Borders After Coup

NAIROBI (AP) — Military leaders who overthrew Burundi's first freely elected president declared a state of emergency on Friday and sealed the nation's borders. The fate of President Melchior Ndadaye and several members of his government was not known, but one unconfirmed report said they were killed.

The coup ended Burundi's five-month experience with democracy and raised the specter of fresh bloodletting in a nation where tens of thousands have died in ethnic fighting in recent years. Communications were cut, the international airport at the capital, Bujumbura, was closed and traffic was halted at Burundi's port on Lake Tanganyika.

Burundi's minister of information told Rwanda radio by telephone from Bujumbura that he and other officials went into hiding after Mr. Ndadaye was seized on Thursday. The minister, Jean-Marie Ndayishimiye, said soldiers were suppressing demonstrations in favor of the toppled government. The Burundi Embassy in Rwanda asserted that the coup was organized by former President Jean-Baptiste Bagaza.

Guerrilla Car Bomb Kills 3 in Lima

LIMA (Reuters) — Three people were killed and nearly 50 more were wounded when Maoist Shining Path guerrillas detonated a car bomb on a narrow street behind a tourist hotel in central Lima, the police said Friday.

A car bomb packed with 100 kilograms (220 pounds) of explosives blew up behind the Hotel Crillon, instantly killing a passer-by and wounding 49 pedestrians and merchants, the police said. The imprisoned Shining Path chief, Abimael Guzman Reynoso, has called for talks leading to a peace accord to end the 13 years of war in Peru in which more than 27,000 people have died. Guerrilla experts said the bomb could be either a show of support for him or an outright rejection of his call. The bombing occurred 10 days before a referendum on a draft constitution.

Jiang Sees 'Positive Results' in Talks

HONG KONG (AFP) — President Jiang Zemin of China said Friday that he expected "positive results" from the marathon talks on Hong Kong's political reforms and that a resolution would be instrumental in furthering Chinese-British ties.

But Hong Kong's governor, Chris Patten, repeated his warning that there were only weeks, not months, to reach an agreement on the dispute over his proposals to broaden electoral participation before China's takeover in 1997, saying "Hong Kong can't wait indefinitely."

Mr. Jiang was quoted by the official Xinhua press agency, monitored here, as telling Edward Heath, the former British prime minister, in Beijing on Friday that the resolution of the Hong Kong issue would be "instrumental for the improvement and furtherance of Chinese-British ties."

UN Reports Pollution Peril in Asia

BANGKOK (Reuters) — Uncontrolled economic growth has made Asian cities so polluted that they are hazardous to live in, especially for children, the United Nations said Friday.

The main problems are water and air pollution, waste disposal and congestion, according to a report to be released soon. The report determined that poorer countries have decided they can not afford to worry about pollution at this stage of their development.

Asian cities have levels of sulphur dioxide and suspended dust much higher than American or Canadian cities, and report high rates of lung cancer, tuberculosis and bronchitis, it said. Water sources are polluted with sewage, industrial effluent and solid waste.

Chinese Stress Talks With Clinton

HONG KONG (AFP) — Prime Minister Li Peng of China stressed Friday the importance of talks next month between President Jiang Zemin and President Bill Clinton.

"The meeting between U.S. and Chinese leaders itself is of great significance," Mr. Li was quoted as saying by the official Xinhua press agency. Mr. Jiang and Mr. Clinton are scheduled to meet during the Asia-Pacific Economic Cooperation meeting to be held in Seattle in mid-November.

Mr. Li, speaking to a group of Japanese journalists in Beijing, added that improved U.S.-Chinese relations would be in the interests of both sides and would benefit world peace and stability.

Georgian Rebels Hold Black Sea Port

TBILISI, Georgia (AP) — Government troops recaptured the strategic town of Samtredia on Friday, but rebels took a smaller town and held on to the vital Black Sea port of Poti.

The rebels are trying to topple Eduard A. Shevardnadze, the Georgian leader, and return former President Zviad K. Gamsakhurdia to power. Both sides have accused Russia of interference in the conflict. The rebel army, believed to number about 10,000 men, was still 250 kilometers (150 miles) from Tbilisi, the capital, and did not pose an immediate physical threat to Mr. Shevardnadze. But its continued military success could dismember Georgia and leave Mr. Shevardnadze in control of only half the tiny former Soviet republic of 5.6 million people.

Lufthansa Disputes Polish Finding

WARSAW (Reuters) — Human error and a brake failure might have caused the crash of a Lufthansa A-320 Airbus at Warsaw airport last month in which two people were killed, a Polish commission said Friday.

But a Lufthansa spokesman said the German airline was astonished by the commission's remarks, saying the company had ruled out problems with the brakes and that there was no indication of pilot error. The commission said initial findings indicated the causes of the accident were "the human factor at the moment the plane approached landing and also the functioning of the braking systems." The preliminary statement added it had "confirmed the correctness of the Polish air controllers' actions and the good condition of the runway tarmac."

Israel Eases Entry For Palestinians

By Clyde Haberman
New York Times Service

JERUSALEM — In a gesture intended to bolster the Palestine Liberation Organization, the Israeli government on Friday eased month-long restrictions that have made it difficult for Palestinians in the occupied territories to enter Israel, Jerusalem in particular.

The action came a day after the Israelis said that they would free some Palestinian prisoners next week — probably several hundred, officials said — as a first step in the eventual release of thousands of Palestinians held on various charges.

Neither the eased restrictions nor the prisoner release will affect the huge majority of the 1.8 million Arabs living in the West Bank and Gaza Strip. But the political goal is plain: to enable the PLO to prove to its public that there are tangible benefits for Palestinians in its new agreement with Israel on building self-rule in the territories.

At the same time, Israeli leaders hope that they have made these initial moves sufficiently modest that they can deflect charges from the rightist opposition that they have done little since signing the agreement on Sept. 13 but make one-sided concessions without getting anything in return.

With two months to go before Palestinian self-rule is supposed to begin in Gaza and the West Bank city of Jericho, both the PLO and the government of Prime Minister Yitzhak Rabin find themselves caught in an awkward period during which they must maintain the appearance of forward movement. They are now negotiating the details of transforming their agreement in principle into a reality.

And as important as that task is, it could be weeks before they produce anything of substance that proves their partnership is leading

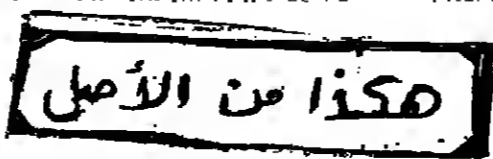
somewhere. In the meantime, leaders in each camp have to contend with the vagaries of public opinion, which is on their side for now but cannot be taken for granted.

PLO officials in Jerusalem welcomed the move to make it easier for Palestinians to leave the territories, but quickly added that it did not go far enough.

Many of them were focused far more on a well-attended funeral in Gaza on Friday that became a protest against recent political assassinations believed to reflect a power struggle within the PLO there. For some Palestinians, the killings have stirred fears that their hoped-for independence could lead not to democracy but to a bloodbath once Israeli forces withdraw from the territories.

Thousands of Gazans turned out to mourn Assad Safawi, a leading figure in the mainstream Fatah faction of the PLO, who was shot and killed by two masked men Thursday as he picked up his son from school. Mr. Safawi, 58, was the third Fatah leader in Gaza to be killed in the last month, killings that have been denounced by all major Palestinian groups, even those at odds with the PLO and its chairman, Yasser Arafat.

"We must prevent, even by force, all forms of infighting and assassinations, whether over personal or political differences," Rabah Mubanna, a leader of the Popular Front for the Liberation of Palestine, which is opposed to the accord with Israel, said at the graveside.



STATESIDE / BLACK AND WHITE

Aftershocks Over the L.A. Verdict Follow Racial Lines

By Peter Applebome

ATLANTA — The verdict in the Reginald Denny case is reverberating beyond Los Angeles and across the United States. On talk shows and in interviews in several cities, many whites saw a judicial breakdown that some linked to an outdated and hypocritical national discourse on race that, they said, has turned criminal issues into civil-rights ones.

"It was a tremendous miscarriage of justice," said Pat Warriner, 49, a businessman who just moved to Atlanta. "If it was white guys beating on a black guy, they would have hung them."

For blacks, if there was little of the outrage felt by many whites, there seemed to be more division. Many felt that the sentences given to Damien M. Williams and Henry K. Watson for attacks on Mr. Denny and other motorists during riots in Los Angeles in April 1992 were too light

and were as indefensible as the acquittal of the police officers who beat a black motorist, Rodney G. King, two and a half years ago in that city.

Other blacks saw a measure of justice in the verdicts and the completion of a cycle that began with the outrage and rioting over the acquittal of the officers and included the eventual conviction of some of them on federal civil-rights charges.

"Justice was done," said Gladys House, a black woman who manages a sandwich shop in Houston. "Usually, there is no justice for blacks in this country."

What the blacks and whites interviewed agreed on, however, was that the verdicts reflected the fear of riots as much as the evidence introduced in court, and that the torn social fabric in Los Angeles is not much different than it is anywhere else.

"This whole trial has brought out so many issues that we as a society have had trouble dealing with," said Nancy Smith, a

black woman who sells jewelry from a cart she owns in central Boston. "One person gets beaten and then another person. We've lowered ourselves to something that is not human."

With the acquittal Wednesday of Mr. Williams on charges of attempted murder, completing a striking victory for the defense in the Denny beating case, the trial has become a hot topic far beyond exhausted Los Angeles.

Some people lamented the controversy, saying that in this case and in the original trial of the officers who beat Mr. King, only those who heard all the evidence could judge the verdict.

"Only the 12 people in the jurors' box heard all the evidence that determined this case," said Keith Westrum, a white marketing executive from Portland, Oregon. "It's totally inappropriate to second-guess the jury unless you were there."

But just as other trials have served to

define social issues, the Denny trial for many became a charged drama about race and justice.

For many whites, the sentences for a nearly fatal beating replayed over and over on television were an outrage, one compounded by the celebrations by family members and supporters inside and outside the courtroom in Los Angeles.

On radio talk shows, often an exercise in hyperbole, the sentiments were sometimes brutal and stark.

"I personalized this, I really did," one caller told an Atlanta radio program. "I felt a great deal of personal hatred toward Damien Williams."

Some blacks saw the case with equal clarity, if less vitriol.

"It was a debt that had to be repaid," one man, who declined to give his name, said Thursday in Atlanta. "Whites see this as injustice. Well, blacks know that injustices happen to us all the time."

Even those blacks who were less comfortable with the verdict often saw the case in a starkly different light than the whites who commented.

Many whites questioned the comparison with the King beating, saying there was a critical difference between the overreaction of police officers subduing a potentially dangerous criminal suspect and the actions of a mob attacking and then celebrating the beatings of innocent motorists.

But to some blacks, the difference was that the actions of the police were more difficult to condone than those of young men caught up in the anger after the King verdict.

"I'm not saying either case was right, but the police are trained to do a job," said Kevin Dickinson, an accountant from Washington.

"That's very different from being caught up in the emotions following the Rodney King verdict."

AMERICAN TOPICS

Anti-Semitic Stand Faces Repudiation

The Evangelical Lutheran Church in America is drawing up a declaration repudiating anti-Semitic writings by Martin Luther, the founder of Lutheranism. With 5.2 million members, the denomination is the largest Lutheran group in the United States.

Luther was 33 when he launched the Protestant Reformation Oct. 31, 1517, by nailing his "95 Theses," denouncing certain practices of the Roman Catholic Church, to a church door in Wittenberg, Germany.

Luther helped shape the modern German language through his translation of the Bible. Some of his hymns, like "A Mighty Fortress Is Our God," are standard in Protestant worship to this day.

But toward the end of his life Luther, realizing that Germany's Jews were not responding to his reforms by converting to Christianity, wrote some virulently anti-Semitic statements, condoning the destruction of synagogues and Jewish private property. The work is often considered as having helped fuel anti-Semitism in Germany that led to the Holocaust.

This is what the denomination wants to repudiate. "I think many Lutherans would be surprised that Martin Luther wrote these things," Bill Rusch, head of the denomination's Department of Ecumenical Affairs, told The Washington Post.

At a recent meeting in St. Louis, the denomination's Churchwide Assembly endorsed a resolution calling for the declaration, which is now being drafted. In 1984, the Lutheran World Federation, expressed "deep distress" over Luther's anti-Semitic remarks. But the American Lutherans aim for their own, more forceful, statement.

driven established local merchants out of business. A Stop Wal-Mart Committee in Westford, a town of 17,000 people, persuaded the company last month to drop its plans to build a new store there. And a group called We're Against the Wal in Greenfield put through a referendum in which a Wal-Mart project was defeated by nine votes, 2,854-2,845. A Wal-Mart spokesman said, "There are thousands of other communities in the Northeast where we can continue our expansion."

Starting Jan. 1, federal law will require virtually all new child-support awards to be withheld from the paychecks of absent parents. Some states have required withholding of child-support payments for decades. Other states will probably miss the federal deadline. Almost everyone agrees that withholding works, ensuring that many women and children (a few men are on the receiving end, but very few) will receive child-support payments without a monthly tug-of-war.

Of the 480 feature films made in the United States last year, 67 percent were shot in California, in whole or in part. But about 250 municipal film commissions in the United States and Canada compete for the remaining 33 percent.

Brightie Bardot, the French film star and animal-rights activist, has joined a worldwide effort to save New Jersey's "Death Row Dog." She has asked Governor James Florio to grant executive clemency. "It seems to me that one condemned to death, after 24 years of incarceration, is someone who has paid his debt to society," Miss Bardot wrote. She asked for the release of Taro, a 100-pound (45-kilogram) Akita accused of hurting a 10-year-old girl. The dog has been impounded since February 1991; a court order to destroy him is under appeal. A spokesman said the governor would not take the case until the courts have ruled on the dog's fate.

A Los Angeles Times reader, Sallye Carpenter of South Pasadena, reports finding an ad for a travel service that offers "non-stop" flights between Los Angeles and Honolulu.

Arthur Higbee



A HARBINGER OF HALLOWEEN — A patient at Children's Memorial Hospital in Chicago, Bridgette Evans, 4, adjusting the top of the jack-o'-lantern that she made for a visit by the First Lady, Hillary Rodham Clinton.

★ POLITICAL NOTES ★

Heavy Reading, and Lots of It, on Health Care

WASHINGTON — Anyone who hungers for details of President Bill Clinton's health care plan might start looking now for a soothing reading light and a comfortable chair. Next Wednesday, a deadline that could still change by a day or two, the White House is scheduled to present its bill formally to Congress.

- The following documents should be available to the public that day or shortly thereafter, according to White House officials:
 - The 1,600-page White House bill, written in legislative language, that will be formally introduced a few days after President Clinton presents it to Congress.
 - An 800-page section-by-section analysis that explains, in less legal language, the substance of the bill.
 - A 20-page "transmission letter," sort of an introduction to the bill by the president.
 - A book — a health care version of "Putting People First," the Clinton campaign book — to be called "Report to America."
 - An eight-page booklet published by the Government Printing Office.

Possibly an academic defense of the bill, geared toward specialized publications.

"Report to America" was originally to have been published by Times Books, but the Government Printing Office will do a first run, with the White House hoping to contract with a commercial publisher later. (WP)

Half-Hour Perot Ad to Slam Trade Accord

WASHINGTON — United We Stand America, the political organization of Ross Perot, has announced production of a half-hour television commercial criticizing the North American Free Trade Agreement, which is to be broadcast Sunday.

The advertisement will be broadcast in large cities, during time bought from local television stations, said Sharon Holman, representative of the Perot group.

Only one station, in Chicago, has so far agreed to broadcast it, but negotiations have begun with other stations, she said.

The commercial features graphic scenes of labor and environmental abuses in Mexico, periodically interrupted by comments from Mr. Perot, according to Pat Chonate, who has written a book with Mr. Perot attacking the agreement.

If approved by Congress, the free trade agreement would gradually eliminate taxes on imports and other barriers to trade between Canada, Mexico and the United States. (NYT)

Attorney General Beefs Up FBI Chief's Role

WASHINGTON — Attorney General Janet Reno has given the FBI director, Louis J. Freeh, new powers, naming him director for investigative agency policies, with authority to oversee all Justice Department investigations and end overlapping law enforcement efforts.

Ms. Reno said she had made the change in an effort to fulfill Vice President Al Gore's directive to consolidate federal anti-drug efforts, but she stopped short of implementing Mr. Gore's proposal to merge the Drug Enforcement Administration and the FBI. She said the new administration would remain a "specialized single-agency agency" with its own administrator and personnel. (WP)

Quotes / Unquote

Senator Strom Thurmond of South Carolina, the ranking Republican on the Armed Services Committee, on Morton H. Halperin, who has been nominated to be assistant secretary of defense for democracy and peacekeeping: "I am convinced this man is dangerous to our national defense." (AP)

Away From Politics

A suspected boss in the Colombo crime family was shot and killed hooded gunmen in front of his house in Queens Borough of New York City as he was returning from dinner with his nephew and nephew-in-law. The murder of Joseph Scoppa, 47, signaled a rupture of hostilities in a war between factions loyal to Carmine the imprisoned boss of the family, and Victor J. Orena, who was in prison. About a dozen people have died in shootings since

Kevoorkian attended his 19th suicide in Michigan. He was the death of an unidentified woman in Royal Oak, the 11. It was the third time he has attended a suicide since a law assisted suicides took effect this summer.

Used pesticide may be linked to breast cancer. The use of endosulfan, was approved by the U.S. government to use on vegetables, experts told a congressional panel. Evidence shows the endosulfan and other estrogenic chemicals associated with instances of breast cancer, although definitive linking, several scientists told a House Energy and Commerce committee. (NYT, LAT, AP, Reuters)

Marines Dismiss a Major Tailhook Case

By Neil A. Lewis

WASHINGTON — The Marine Corps has dropped all charges against a Marine captain who had been charged with sexually molesting the admiral's aide and navy aviator who first spoke out about debauchery at the 1991 Tailhook convention.

In essence, the Marine Corps decided Thursday that Lieutenant Paul Coughlin might have identified the wrong man, and it dismissed the most celebrated case that arose out of the affair.

The Marine Corps said in a statement that there was no doubt that Lieutenant Coughlin had been assaulted at the convention two years ago in Las Vegas. But the corps said that Lieutenant General Charles C. Krulak, supervising the Marine prosecutions from Tail-

hook, had decided there was not enough evidence to proceed with a court-martial against Captain Gregory Bonam, 29, whom Lieutenant Coughlin had named as her most brazen assailant.

Lieutenant Coughlin had said Captain Bonam and others assaulted her in a hotel hallway. But at a hearing last August, Captain Bonam denied that he had been in the hallway or that he had ever seen Lieutenant Coughlin.

Lieutenant Coughlin had said she was able to identify Captain Bonam as the man who first bumped her and then reached over her shoulders and thrust his hands down her blouse because the man was a light-skinned black or Hispanic man with strikingly light-colored eyes, a description that fit Captain Bonam.

But the captain's lawyers pre-

sented a vast amount of evidence to challenge her testimony. She said her assailant had been wearing a burnt-orange T-shirt, and defense lawyers presented photographs showing Captain Bonam had been wearing a green shirt with a camouflage zigzag pattern that night. The lawyers also showed that while viewing photos, Lieutenant Coughlin had first picked out a corporal who had not been present.

Lieutenant Coughlin, 31, who is stationed in Norfolk, Virginia, did not return telephone calls to her quarters on Thursday.

The Marine Corps's statement said that General Krulak made his decision after reviewing all the testimony from two preliminary hearings, including the one in August at which Lieutenant Coughlin pointed out Captain Bonam.

The statement said Captain

Bonam will return to his post at the Naval Air Station in Meridian, Mississippi. "His record will be cleared of any allegation of misconduct," the corps said.

The Coughlin case symbolizes the difficulty the Pentagon has had in bringing any individuals to justice in the case, even though the navy reported that more than 80 women were assaulted at the convention.

In addition, the early efforts to investigate what happened were hampered by a widespread determination by many involved not to cooperate.

Since a Pentagon report last April accused 140 officers of indecent exposure and assault during the convention and of lying under oath in the initial investigation, only 42 have been fined or disciplined. No one has yet been court-martialed.

Congress Kills Off Collider

By Eric Pianin and Tom Kenworthy

WASHINGTON — Senate negotiators have bowed to the demands of a determined House and agreed to a plan for the termination of the trouble-plagued supercollider project, an \$11 billion project that became a symbol of extravagance in an era of budgetary retrenchment.

The plan, approved by House and Senate Appropriations Committee conferees, would set aside \$640 million to gradually shut down the supercollider laboratory in Waxahatchie, Texas, and provide full-time employees with up to 90 days of termination pay. The plan is expected to be swiftly approved by the full House and Senate.

"The supercollider is dead — and everyone understands that," said Representative James C. Slattery, Democrat of Kansas, a leading opponent of the project.

The protracted battle over the supercollider is one of a handful of disputes that delayed completion of Congress's work on the 13 appropriations bills that would finance all phases of government operations before the start of the new fiscal year, which was Oct. 1.

Because Congress so rarely pulls the plug on a huge government project, the decision to shut down the supercollider was of extraordinary significance. It rivaled a 1983 decision by Congress to kill the Clinch River breeder reactor project in Oak Ridge, Tennessee.

Mr. Slattery and Representative Sherwood L. Boehlert, Republican of New York, the leaders of the bipartisan opposition to the supercollider, hailed the agreement as an exercise in fiscal restraint.

But a somber and noticeably testy Senator J. Bennett Johnston, Democrat of Louisiana, who had championed the supercollider for years, said after the meeting, "The SSC has been lynched, and we've got to bury the body."

"Is this country going to turn its back on science and say that all we can afford is entitlement programs and transfer payments?" Mr. Johnston asked. "Anyone who thinks this small amount of money will balance the budget is crazy."

Scientists hoped to discover new particles and learn more about the origin of matter by colliding beams of subatomic particles at high speed in the collider's 54-mile (87-kilometer) underground tunnel.

The project's fate was sealed Tuesday after the House voted, 282 to 143, to return the spending bill to conferees committee with instructions to kill the project, now one-fifth complete. The conferees agreed to earmark the \$640 million in the bill for the supercollider for the "orderly" termination of the project to assure that the government recovers as much of its investment as possible.

UN Peacekeeping Funds Cut

Compromise Bill Would Put U.S. \$1 Billion in Arrears

By Paul Lewis

UNITED NATIONS, New York — The United States will be almost \$1 billion in arrears on UN peacekeeping operations in the coming year after passage by Congress of a bill appropriating a budget contribution to the United Nations.

This compromise bill worked out between the House and Senate reflects congressional hostility toward mounting cost and complexity of UN peacekeeping operations, a belief that the U.S. share of these bills is too large and a concern about waste and corruption in the organization.

In addition to providing for less funding for peacekeeping, Congress has killed a proposed \$175 million fund for unforeseen peacekeeping costs; withheld 10 percent of its regular budget contribution until Secretary-General Butros Butros Ghali appoints an inspector general to fight waste and corruption; canceled the fourth of five special payments to eliminate existing arrears, and told the Clinton administration to cut the U.S. share of new peacekeeping bills from 31.7 to 25 percent.

In its report to both houses of Congress, the conferees committee of senators and representatives that devised the compromise said the estimated peacekeeping bill for the fiscal year starting Oct. 1 is about \$1.23 billion, including \$58.7 million for three projected new operations in Rwanda, Liberia and Haiti.

But Congress voted only a total of \$401.6 million for all peacekeeping operations for the year, of which \$358.2 million has already been paid under a separate authorization, leaving just \$43.4 million to come.

"The forecast is for rapid accumulation of arrears in this account," said Steven A. Dimoff, editor of Washington Weekly Report, a newsletter that follows UN issues on Capitol Hill.

After a payment of \$533 million at the start of this month, the United States had paid off all past regular budget arrears, but still owed \$284.5 million for this year's contribution and remained the organization's largest debtor.

Its total outstanding debt for peacekeeping stood at \$166.6 million.

Britain and Argentina Settle Dispute on Squid

The Associated Press
BUENOS AIRES — Argentina and Britain have settled a dispute on South Atlantic squid fishing, the economic basis of the British-governed Falkland Islands.

Argentina will be allowed to issue 80 licenses to fish 220,000 tons of squid in its southern waters, Foreign Minister Guido Di Tella said Wednesday night.

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NOTE TO READERS

For technical reasons beyond our control, the International Herald Tribune was not able to publish the advertising section on "Personal & Laptop Computers" on October 21 as initially announced. It has been rescheduled for November 3. We apologize for any inconvenience this may have caused our readers.

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Sweden	01-800-877
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In Somalia, Rangers Leave Ennui To Others

By Douglas Jehl
New York Times Service

MOGADISHU, Somalia — No one has bothered to take down his photograph, so General Mohamed Farrah Aidid still gazes from the walls of some American command posts. At Task Force Raven, the headquarters for U.S. Army helicopters, the faction leader's forehead is marked with a precise X.

But the 750 Army Rangers who hunted General Aidid and failed to begin leaving Thursday, and the abandonment of the base has given way to a sense of ennui.

As armored reinforcements begin to pour into Somalia, officers say their most important battle will now be for training grounds outside the capital so soldiers can keep busy until they depart.

"I'm more concerned about my guys dying of boredom than dying of a bullet," said Lieutenant Pat Tracy, the commander of the army platoon of tanks that was rushed here two weeks ago after a battle that left 18 American soldiers dead and forced President Bill Clinton and Congress to reconsider the U.S. military mission.

Lieutenant Tracy, 23, said he recognized what he and his men might be in for shortly after they arrived in Somalia on Oct. 7 and found that few others at his base were dressed in the full battle uniforms that his unit is ordered to wear at all times.

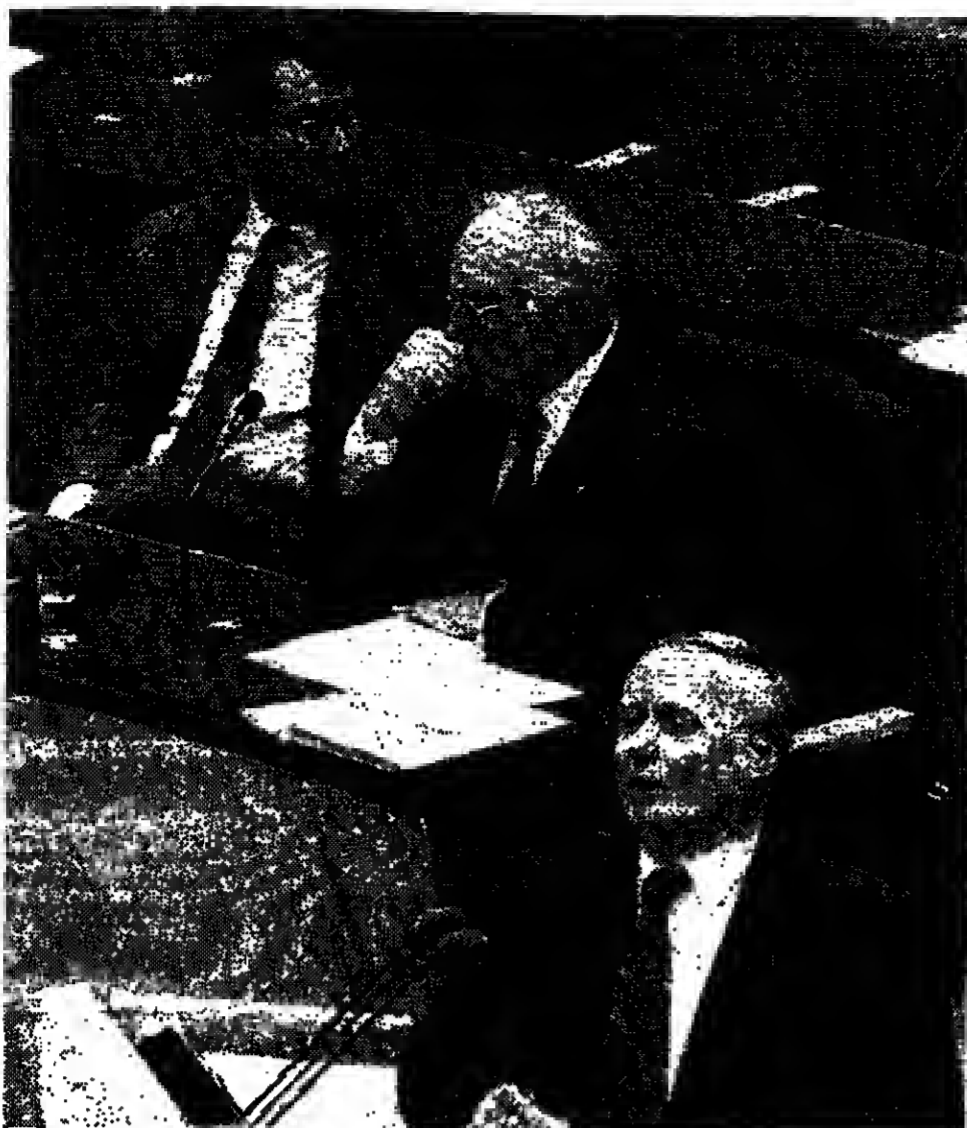
"It was kind of anticlimactic," he said, to see military policemen in shorts and sandals.

Lieutenant Colonel Bob Clark, the commander of an armored battalion, said that a team was looking for an unpopulated site south of Mogadishu to stage maneuvers.

"As the task force commander, I certainly don't want to be here without being able to train," he said.

But other officers said a first training exercise by Lieutenant Tracy's tank company ran into difficulties when the new arrivals failed to recognize a traditional Somali fence.

Believing it was nothing more than shrubbery, the tanks rumbled over the barrier, leaving livestock to roam free and infuriating villagers, the officers said. They said the platoon had now been confined to its compound until a more suitable barrier could be found.



Chancellor Helmut Kohl of Germany, center, and Foreign Minister Klaus Kinkel, left, listening to Oskar Lafontaine, prime minister of the state of Saarland, during a debate in Bonn on the economy.

GERMANY: Kohl Lashes Out at His Countrymen

Continued from Page 1

1987 and 1992, while in Japan they increased from 17,408 to 23,082," he said.

Microelectronic patent requests in the United States nearly doubled in the same period, he said. Developments in mainframe computers, office equipment and laser technology show similar trends, he added.

"Our competitors are undertaking stronger efforts to increase their own performance and competitiveness," he warned, saying President Clinton had begun a U.S. "export offensive" in Asia and in Central and Eastern Europe.

Mr. Kohl said that Germany was in danger of losing investment because of high labor costs, overregulation and a lessened enthusiasm among Germans to work.

"Today we have an average of six weeks of vacation and 12 holidays each year," Mr. Kohl said. "We work an average 37.5 hours a week, which is less than all of our competitors."

He noted that German unit wage costs rose 30 percent between 1985 and 1992, while Japan, the United States and France saw such costs

rise between 4 percent and 11 percent.

He previously has criticized Germans for spending more time in school and retiring earlier than the workers of other countries.

"It seems like there is still nothing more important than thinking about how we can expand our recreation time," Mr. Kohl told lawmakers Thursday. "If we want to secure Germany's future, we cannot organize our country like one big recreation park."

Mr. Kohl rejected the notion that Germany's structural problems were linked to German reunification. "We are now confronted with deficiencies which already existed in West Germany," he said.

He also rejected the need for more spending programs to remedy these deficiencies. "A rethink is more important than reallocating money," he said.

At the same time, he said that Germany still enjoyed many strengths as a place to do business. Mr. Kohl also praised Germany's educational system and its low level of working days lost to strike action. "The social partnership is one of the pillars of our society and should remain so," he said.

Mr. Kohl said he hoped the government's new proposals for the labor market would be passed soon by parliament. The proposed legislation should enable employers to introduce more flexible working times, he said. He called on employers and workers' representatives to develop "new work models and if possible introduce them in 1994 to give the economy an additional boost."

"The key question is how to create new, competitive jobs," Mr. Kohl said.

He voiced concern about the lack of apprentices for industry, noting that there were currently only 1.6 million apprentices while there were more than 1.8 million students at the universities. Calling this an "unhealthy ratio," he said that the periods of study were too long in Germany and graduates entered business life "much too late" in comparison with Germany's international competitors.

He said that the government's package of legislation aimed at improving Germany's attractiveness to investors would reduce taxes on corporate earnings to much lower levels.

(AP, Bloomberg)

COMPETE: U.S. Remains the Leader in Productivity

Continued from Page 1

to do with how goods are produced than with the skill of workers or the quality of technology.

"If the United States is lagging behind Japan in certain manufacturing industries, it doesn't appear to be because of the failure of our schools or technology," said Martin Neil Baily, a University of Maryland professor who helped direct the study. "We haven't put enough effort into organizing the workplace and designing products so that they are easy to manufacture."

He added: "If you scratch anybody in the administration they'd

say technology, they'd say worker skills and they'd say lack of investment. Generally, we find those are not the main reasons why the United States lags behind in some industries."

The study challenges the view of some influential economists, including Lester Thurow of the Massachusetts Institute of Technology and Laura D'Andrea Tyson, leader of the president's Council of Economic Advisors, who have argued that American manufacturing has been overtaken by Germany and Japan.

The study also suggests that losing leadership in a particular set of industries does not preclude world-class economic performance or, for that matter, high living standards.

"There's a lot of conventional wisdom swirling around here that's turning out, by and large, just to be wrong," said Bill Lewis, director of the McKinsey Institute and assistant secretary of energy under President Jimmy Carter.

The advice in the report boils down this way: Do what the United States — as opposed to Europe and Japan — already has been doing. That is, where you're the laggard, open your borders, not just to imports, but to transplants. Where you are the leader, set up shop in the countries of the laggards.

"You can make theoretical arguments about management, trade, but the evidence that we found — for the first time — is that the more open you are, the more productive you become," said Mr. Lewis. "On the U.S. side, the proof is the renaissance of the U.S. auto industry."

Mr. Baily said: "We proved that kind of competition pushes managers to select the most productive methods."

In terms of industry specifics, the report shows that America is by no means the most efficient producer of all products: Japan's output per hour is 15 percent to nearly 50 percent higher than America's in cars, car parts, metalworking, consumer electronics and, most notably, steel.

Germany is not only behind the United States in most of these in-

dustries but stands even further behind Japan. In terms of average overall productivity, however, Japan and Germany are about equal.

But Germany and Japan lag so far behind in some industries — packaged food in Japan, beer and cars in Germany — that, measured in dollars of comparable purchasing power, the average Japanese or German factory worker produces just \$8 worth of goods in the time it takes an American worker to churn out \$10. The comparisons are based on case studies of nine industries that account for about one-fifth of United States manufacturing.

In Japan, for example, a fragmented food processing industry — which employs more workers than the car, computer, electronics and machine tool industries combined — produces \$39 worth of food every hour, compared with \$119 in the United States.

"If the United States is lagging behind Japan in certain manufacturing industries, it doesn't appear to be because of the failure of our schools or technology," Mr. Baily said. "We haven't put enough effort into organizing the workplace and designing products so that they are easy to manufacture."

The study suggests that lack of technology is less important than some say. Brewers in Germany, for example, are far less productive than Japanese or American beer manufacturers. But the reason is not that the Germans lack leading-edge technology; the more efficient American and Japanese brewers use machinery imported from Germany.

Or automobiles: General Motors poured billions into robots and other technology while Toyota and other Japanese manufacturers eschewed such an approach and concentrated on how they organized the work force.

"Our view," Mr. Baily said, "is that the evidence, particularly from Germany, which hasn't allowed that kind of competition, suggests that you should let the winners and losers emerge."

President Is Killed In Burundi Overthrow

Compiled by Our Staff From Dispatches

BRUSSELS — Belgian Radio reported that the president of Burundi, Melchior Ndadaye, was killed along with other cabinet ministers during a coup Thursday.

Belgian Radio reported: "Not just Ndadaye, but also the prime minister of Burundi has been executed and a few ministers." It did not give a source for its report.

The Belgian Foreign Ministry could not confirm that Mr. Ndadaye or other members of his cabinet had been killed by paratroopers, who ended a short experiment with democracy in the country.

Belgian Radio said the coup was probably the work of a group of young army officers. It said some fighting had been reported between the army and localists.

Officials in neighboring Rwanda said the coup had been led by the army chief of staff, Colonel Jean Bikomagi, and the former president, Jean-Baptiste Bagaza, who was overthrown in 1987 by another former president, Pierre Buyoya. Mr. Buyoya ruled the country until Mr. Ndadaye deposed him in Burundi's first multiparty election four months ago.

The Belgian co-operation and development minister, Erik Deruyck, described the situation in Burundi as "confused and very serious."

The Burundi Embassy in Rwanda said the two coup leaders and most of the army belonged to the minority Tutsi tribe, while Mr. Ndadaye belonged to the majority Hutus.

Communications to Burundi were cut, and it could not be determined whether there had been casualties when the army stormed the national palace in Bujumbura before dawn.

(Reuters, AP)

RATES: German Cuts

Continued from Page 1

percent, down from 6.67 percent in its previous issue Wednesday.

The Bundesbank last cut its main interest rates Sept. 9, when the discount and Lombard rates similarly were trimmed by a half a point each.

The timing of the Bundesbank's move was considered significant because the bank had been expected from financial markets to reduce rates. The Bundesbank has often waited for prevailing rates in the money markets to pressure the discount rate downward.

"The cut in leading rates will now provoke a cut in market rates, rather than vice versa," Mr. Prendergast said. "People will now look at this as the mark of Mr. Tietmeyer."

Tietmeyer seemed to confirm that analysis at a hastily called news conference in Frankfurt where he said, "We are looking where we are going and not looking ourselves to be led."

He said that the Deutsche mark had risen an average of 3.6 percent against other major currencies since the end of July, when an exchange-rate crisis led to major changes in the mechanisms governing European currencies.

A strong currency has the same monetary effect as an increase in interest rates, because it makes imports less expensive and so holds down inflation.

Inflation, which is the Bundesbank's arch-enemy, is also headed lower in Germany. Mr. Tietmeyer said. Although an annual inflation rate of around 4 percent was "still too high," producer prices, wages, construction costs and government spending were all falling, he said.

Though it did not say so directly, the Bundesbank hoped its move would also grease the wheels of the German economy. "We don't see any clear signs of a quick recovery," Mr. Tietmeyer said.

Klaus Fritschy, chief economist at Dresdner Bank A.G., said the German had already hit the low point of its recession but was recovering "so gradually it doesn't deserve the name recovery, and in any case too slowly to put all the unemployed back to work."

RATES: German Cuts

Continued from Page 1

limits of the cabinet under Mr. Goh, who recently succeeded him.

"Despite later government disclaimers of any connection between the two issues, Lee's remarks left the impression that one purpose of the raid was to discourage critical commentary by the press," the State Department report concluded.

Singapore is a former British colony. Lee's British Official Secrets Act on which it was based, Singapore's law is so widely drawn that it allows the government to define almost any piece of unclassified information as secret.

The attorney general said in court on Thursday that communicating any classified information

SECRET: Singapore Pushes Case

Continued from Page 1

"unintentionally, recklessly or in any other way" constituted a crime. The defendants have said they did not intentionally violate the law.

Chelva Rajah, a lawyer for Mr. Shanmugaratnam, the government economist, said that the prosecution's case was "a novel concept for me."

"If documents containing classified information are blown by wind and land in someone else's hand, this could be seen as a crime."

Under a 1986 amendment to the Newspaper and Printing Presses Act, the government can also restrict the sale and distribution of foreign publications deemed to be engaging in domestic politics or refusing to give the government the right of reply to articles that it considers inaccurate or misleading.

DEATH NOTICE

Lawrence-Damien LACINA set out on his final journey on Monday, 18 October, at 13:35, to join the Angels and the Stars. His family and friends will be wishing him goodbye on Wednesday, 27 October, 1993, at 10:30 a.m., in the Columbarium of Père-Lachaise (Paris - France).

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U.S. Warns Army In Haiti Not to Seize Gasoline Supplies

PORT-AU-PRINCE, Haiti — The last major gasoline retailer operating in Haiti ordered its pumps shut off Friday to comply with a United Nations oil embargo, and the United States warned the army against seizing fuel supplies.

Asked about the possibility that the military could take over gasoline depots owned by foreign companies, the U.S. Embassy spokesman in Port-au-Prince, Stanley Schragar, said, "I think we'd view that extremely seriously."

The embargo was imposed by the United Nations to force the military to let Haiti's deposed president, the Reverend Jean-Bertrand Aristide, return to power. U.S. and Canadian warships began enforcing the embargo Tuesday.

Prime Minister Robert Malval, head of the interim government named by Father Aristide under a UN-mediated accord to restore democracy, said he told Haiti's armed forces not to interfere with the fuel distributors.

However, Mr. Malval's government has no control over the military and the police, which support rightist civilian groups that have used violence and threats to disrupt the UN attempt to bring back Father Aristide from Washington, where he is in exile, by Oct. 30.

The immediate effect of the embargo has been inconvenience, and in some cases Friday service stations were kept open on the orders of military patrols.

But the fuel shortage could grind down the economy, make life difficult for impoverished Haitians and hamper army and police operations.

The Miami-based relief organization Food for the Poor said that its first shipment of food and medicine for Haitian hospitals had been blocked by ships enforcing the oil and arms embargo.

The group said a ship carrying food, medical and baby supplies — left Miami on Tuesday but was turned back because its cargo could not be adequately inspected.

In Washington, the government froze the U.S. assets of Haiti's army commander, Lieutenant General Raoul Cédras; the army's No. 3 officer, General Philippe Biamby; and 39 other soldiers and rightist leaders. All either took part in the September 1991 coup that toppled Father Aristide or worked to block his return, U.S. officials said.

Texaco, the last major foreign-owned oil retailer operating in Haiti, told Mr. Malval's government it would shut off its pumps Friday. Shell and Esso shut down a day earlier, Shell said it was respecting the embargo. Esso cited threats to the company and its employees.

Long lines of cars and other vehicles waited at Texaco stations in the hope pumps would open.

Soldiers carrying guns ordered a Texaco station that had shut down on Thursday to stay open. Some Texaco stations were open Friday near the airport. Soldiers stood guard, directing motorists to move to the pumps.

Mr. Malval, speaking on U.S. television from Port-au-Prince, said talks with the army on breaking the political stalemate could show some results within two or three days.

"I know that the sanctions carry a heavy burden for all of us here," he said. "But the message behind the sanctions is that we will not back away. We must be on the way to democracy."

When asked whether he feared for his life, Mr. Malval replied: "We all have our life on the line. We know we have a job to do."

A private funeral, attended by family and members of Mr. Malval's cabinet, was held Friday for Justice Minister Francois Guy Malary, who was gunned down outside his office Oct. 14.

On Thursday, a prominent legislator and Aristide supporter, Samuel Milord, was reported missing. His family told an independent radio station that he was kidnapped, but the president of parliament, Antoine Joseph, said Mr. Milord was in hiding because of death threats.

Mr. Milord, a civil engineer, was one of the first lawmakers to publicly denounce the September 1991 coup that deposed Father Aristide.

Other Aristide supporters have been killed, including Mr. Malary and a prominent businessman, Antoine Izmerly.

Mr. Malval has been under heavy guard. His government has blamed the military authorities and their allied gunmen for the murders and other violence.

General Cédras has refused to retire as required by the UN accord that he signed in July with Father Aristide. UN officials say he agreed to resign by Oct. 15.

The general has said he will not step down until other parts of the accord are carried out, including legislation granting an amnesty to soldiers for atrocities committed after the coup.

Father Aristide, a widely popular leftist priest, was elected by landslide in 1990 and deposed nine months later. He is despised by elements of the army and the conservative elite. Some soldiers have vowed to shoot him if he returns.

(AP, AFP)



A Haitian mother escorting her two children to their school in Port-au-Prince past a mural of the ousted President Aristide.

CIA Depicts Aristide as Unfit to Govern

By R. Jeffrey Smith and John M. Goshko
Washington Post Service

WASHINGTON — An unflattering CIA depiction of the Reverend Jean-Bertrand Aristide has been circulated on Capitol Hill as legislators consider the wisdom of committing United States military advisers in support of the deposed Haitian president, according to congressional sources and American officials.

The Central Intelligence Agency's assessment, which contains some information first circulated two years ago by the agency, depicts Father Aristide as having had mental problems and implicates him in a politically motivated murder as well as gang violence. It includes a claim that he once exhorted his supporters in Haiti to use a particularly brutal type of murder, known as "necklacing," to suppress opponents, according to some accounts.

The CIA's National Intelligence Officer for Latin America, Brian Latell, briefed at least 10 Republican and three Democratic senators this week in a special room of the Capitol building reserved for discussions of classified information.

The briefing was requested by Senator Jesse Helms, Republican of North Carolina, who opposes U.S. backing for Father Aristide but Thursday failed to get Senate backing for legislation requiring congressional approval of any troop deployment. Mr. Helms and several other Republicans cited the classified briefing, without describing its substance, in urging the Clinton administration to withdraw its support for Father Aristide and abandon its plan to send American troops to deter any military action against him in Haiti.

American officials and Democratic loyalists on Capitol Hill sought to deflect the Republi-

can accusations, with one source asserting that the CIA report was "flimsy" and another saying that it contained "old" information and claiming that Father Aristide's dealings with Washington this year have been fine.

Asked about the CIA briefing, a White House official said that "it has been our experience that President Aristide has acted responsibly and has the best interests of his country at heart."

Officials declined to comment directly on the CIA briefing because it involved classified information. But one source said although U.S. intelligence agencies considered Father Aristide a "weird, flaky guy," there was no reason to believe that he was impeded in his ability to serve as president of Haiti.

About the same time the intelligence briefing took place on Wednesday, Father Aristide was sipping coffee with members of the Senate Foreign Relations Committee elsewhere in the Capitol and encouraging them to support his return to Haiti. He dismissed the allegation that he is unbalanced and denied the accusations that he advocated "necklacing" or other acts of violence, several participants said.

Sources familiar with the CIA assessment said it described Father Aristide's visit to a psychiatric hospital in Canada in 1980 and included allegations that while serving as a priest in Haiti, he organized a ruthless gang of supporters who routinely used violence.

The sources said that Mr. Latell's briefing included the assertion that Father Aristide suggested in a September 1991 speech to followers that he supported the use of "necklacing," a South African term used to depict murders carried out by placing a tire over around the neck of a victim and filling it with gasoline before setting it afire.

But Father Aristide told senators that in the

speech the only "instrument" he encouraged Haitians to use was the constitution, a participant in the meeting said.

The sources said that in the briefing, the CIA official also asserted that Haitian sources had accused Father Aristide of ordering the murder of a political opponent, Roger LaFontant, at the time the president was deposed in a 1991 military coup. This accusation aroused particular controversy on Capitol Hill, where some legislators described the evidence as credible and others claimed it was weak and largely based on allegations by Lieutenant General Raoul Cédras, who led the coup against Father Aristide.

Senator Larry Pressler, Republican South Dakota, who attended the briefing, said that "my chief concern is that the Clinton administration is trying to do a coverup of bad decision-making regarding Haiti."

He said the briefing had "confirmed that the left hand doesn't know what the right hand is doing."

When Mr. Pressler raised the issue of Father Aristide's mental health on the Senate floor, the majority leader, George J. Mitchell, Democrat of Maine, said, "I am now going to say that we are going to have psychological examinations by people who have never met us, and have these long psychological examinations read out, my gosh, I think it is something every senator ought to be concerned about."

A congressional source who is critical of the administration said Mr. Latell had claimed that CIA representatives did not participate in key meetings where policymakers decided to throw their support behind Father Aristide. The source said Mr. Latell had also disputed a claim by an American official present at the briefing that the CIA's view of Father Aristide was not fully shared by other intelligence agencies.

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Canada's Liberals: How Big a Victory?

By Mary Williams Walsh
Los Angeles Times Service

TORONTO — With Canadians due to vote on Monday, little doubt remains about the identity of this country's next prime minister.

It will almost certainly be Jean Chrétien, 59, a French-speaking member of Parliament and the Liberal Party leader, a strong federalist who held prominent cabinet portfolios in the governments of Pierre Elliott Trudeau in the late 1960s through early 1980s.

For the last few weeks, opinion polls have consistently shown that the Liberals will finish first among the five main parties contesting the election. Support for the Progressive Conservatives, who form the current government and have been in power since 1984, has suffered a comprehensive collapse. When Kim Campbell, the prime minister, took office four months ago when Brian Mulroney stepped down, she was the front-runner.

The main question left to be decided by the voting on Monday is whether the Liberals will win enough votes to form a majority government, or whether they will only have enough seats for a minority one.

A party must win at least 148 seats to achieve a majority in the House of Commons. Recent polls suggest the Liberals will win from 140 to 170 seats.

Mr. Chrétien's Liberals stand, in general, for economic pump-priming, mild budget-cutting and opposition to Quebec independence. These policies have made them popular in Canada's impoverished Atlantic provinces and in the populous province of Ontario. In those two regions alone, the party could win 100 to 120 seats, according to most polls.

But that would not be enough to give them a majority. And the Liberals cannot count on making up the rest in Quebec, where resentment of the party's long-standing opposition to the nationalist aspirations of French-speaking Quebecers is at something of a peak.

Nor can the Liberals expect to do particularly well in western Canada, where many voters consider them the enemy, thanks to a Trudeau-era energy pricing policy that favored the consumers of eastern Canada at the expense of the oil- and gas-producer-driven economy of the West.

If, however, Mr. Chrétien wins a majority, he falls heir to far more power than the American political system gives its presidents. Canadian members of Parliament are expected to vote unanimously with their parties, so a party with a solid majority of the seats can pass virtually any bill it introduces.

The Progressive Conservatives, who now have a majority government, have used it over the last nine years to ram through Parliament some unpopular measures, such as a 7 percent value-added tax on most goods and services.

Such bare-knuckled use of power is held against the Tories by many Canadians. Current polls suggest the Tories could finish in fourth place, behind two relatively new regional parties.

The party which finishes second in the election forms the official opposition in the House of Commons, receiving financial and staff support and a substantial number of perks.

The two parties competing for second place could not be more different: the Reform Party, a grass-roots movement that opposes big government, is strong in western Canada, and the Bloc Québécois, a party formed three years ago, seeks independence for Quebec.

A second-place performance by the Reform Party would mean another shift to the right in Canadian politics and perhaps the end of an era: for decades, Canada has been far more receptive to social democratic policies than the United States has been.

If, on the other hand, the Bloc Québécois comes in second, particularly if the Liberals can form only a minority government, it would be able as the official opposition to affect every single Commons debate with the question of Quebec sovereignty.

Support for Canada's current third-ranking leftist New Democratic Party has eroded substantially this year. The party, which now has 43 seats in the House, may barely qualify for official party status, which requires at least 12 seats.

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Punishment for the Mayhem

The final verdicts from the Reginald Denny beating case in Los Angeles will dishearten many Americans who saw, with their own eyes on videotape, the ferocious attack on an innocent truck driver by vicious rioters. Damian Williams, the principal assailant, was convicted of felony mayhem on Mr. Denny and four misdemeanor assaults on other victims. His co-defendant Henry Watson is guilty on only one count of felonious assault. Both were found innocent of the most serious felony charges, carrying life sentences. Emotionally, the punishments do not seem severe enough for the brutality of the crime, in which Mr. Williams was filmed heaving a brick from close range at the head of Mr. Denny as he lay already battered on the ground, and then dancing a jig of joy. But under the laws that applied in this case, the jury made a logical call. The most serious charges against Mr. Williams — attempted murder and aggravated mayhem — required evidence of specific intent. The jury would have had to conclude, beyond a reasonable doubt, that Mr. Williams intended to kill or permanently maim Mr. Denny, not just injure him. And that it declined to do. True, the jury could have inferred such intent from the viciousness of the attack, had it wanted to. But the defense argued that had Mr. Williams intended to kill Mr. Denny, he could have finished the job, there was no one stopping him. Thus the jury's call on these most serious charges appears defensible. And once it had eliminated the charges requiring specific intent, the jury found Mr. Williams guilty of the most serious felony left, simple mayhem, which requires proof only of a violent act that did in fact maim or disfigure the victim. This is a very serious crime that carries a maximum penalty of eight years in prison. Lesser crimes of which he was also convicted could raise the maximum to 10 years. In this case the most severe punishment is merited. Neither the prosecution nor the defense offered the jury a chance to find Mr. Williams guilty of assault with a deadly weapon. But conviction of that crime carries a lesser penalty than does simple mayhem, and would not add to Mr. Williams' punishment. There has been much armchair speculation that the jury was unduly lenient either because it sympathized with black defendants or feared provoking another riot if it sent them away for life. The most troublesome evidence of such leniency may be the jury's reduction of felony assault charges to misdemeanors in the case of attacks by Mr. Williams against four other victims. But a fuller understanding of all the verdicts must await the accounts of jurors who are willing to share their perspectives on nearly three raged months of trial and three weeks of stressful deliberation. The savagery of the attack caught on videotape leaves many Americans with understandable frustration that the punishment will not be severe enough to fit the crime. But when the narrow requirements of the law the jury reached a reasonable verdict in this emotion-rending case. — THE NEW YORK TIMES.

A Threat to Free Expression

This past week a new film called "The Program" that got so-so reviews — and so-so attendance — got an unexpected jolt of publicity. Because they emulated a scene in which several drunken football players lie in the middle of a busy highway, one teenager is dead and two are critically injured. The kids forgot that "The Program" was only a movie, and as such only a smulcrum. In real life, people who play chicken with cars court death. As they did. Friday an expurgated version of "The Program" arrived at the nation's theaters. Walt Disney Co., whose subsidiary Touchstone produced the film, has deleted the scene. The decision is thoughtful, even pious, but it sets a terrible precedent. Having to worry about attracting an audience is tough enough. Having to worry that somebody in the audience might confuse shadow with substance and behave accordingly is devastating, because self-censorship is a sure-fire way to smother imagination. Even so, the Disney decision is not as potent a threat to freedom of expression as that posed by Attorney General Janet Reno this week. At a Senate Commerce Committee

For a Full Debate on Crime

Congressional leaders and the Clinton administration had just about settled on a crime bill, which was expected to sail through both houses by the end of this month. Starting with a bill that fell short of passage last year, legislators made a few changes and announced last month that the new bill's passage was practically assured. Opponents of the death penalty and of provisions curtailing habeas corpus rights were led to believe that their protests would be futile. But last week, the black and Hispanic caucuses in the House joined forces to request a slow-down in the process, to demand hearings and to voice objections to the general punitive nature of the bill. In addition, four freshmen on the House Judiciary Committee have gone on record opposing expedited treatment and emphasizing the need for a full public review of all proposals. And on Tuesday, Representative Craig Washington introduced an alternative bill on behalf of these groups and others who have reservations about the leadership proposals. It provides a counterweight to those at the other end of the political spectrum who believe that long, mandatory sentences and curbs on defendants' rights are the only sensible response to crime. Mr. Washington's bill contains no new death-penalty offenses, abolishes mandatory minimum sentences and, unlike the leadership bill, imposes no deadline for filing habeas corpus appeals. It emphasizes alternatives to prison, addresses racial disparity in sentencing and suggests reforms in the civil asset forfeiture program, which even conservatives like Representative Henry Hyde say are needed. The bill has more than two dozen sponsors, including many representatives who are neither caucus members nor freshmen. Will the Washington alternative be passed in its entirety? Probably not, for unfortunately there are plenty of votes on the Hill for some of the original bill's worst features. But it is important that the opposition has drafted a bill of its own, which clearly delineates the areas of disagreement with the leadership. It deserves to be debated. The discussion will force legislators to consider the full impact of the harsh provisions that richly deserve to be defeated in the leadership bill. — THE WASHINGTON POST.

Other Comment

No Foreign Policy Straitjacket

Mr. Dole, a longtime aspirant for the presidency, sought to ingratiate himself with closet isolationists in his party by proposing to cut off funding for military operations in Haiti. At issue here is not the wisdom or unwisdom of the administration's policies toward Bosnia, Somalia and Haiti. What is at stake (in Brent Scowcroft's words) is "defining the proper role of Congress in the conduct of foreign policy and the use of our armed forces as an instrument of that policy." Congress should put presidential policies to the test of public hearings and investigations. It should appropriate the funds it deems necessary for a military establishment capable of defending the national security. But it should not try to micromanage the armed forces or put foreign policy into a straitjacket — objectives Mr. Dole deplored even as he tried to score points by moving Congress in that direction. — The Baltimore Sun.

America Steps Back and a Demon Peeps Out

By Stephen S. Rosenfeld

WASHINGTON — Much of Congress and the American public are treating President Bill Clinton's new wariness about military engagement in remote hot spots as a victory of prudence over innocence; no quagmires, no more Vietnam. But it is early to take relief and nowhere more so than in respect to the president's urgent purpose of keeping weapons of mass destruction out of the wrong hands. Here the move toward disengagement has ominous implications. Governments are constantly calculating what they need to satisfy their security needs and their political goals. This is so both for those who view the United States as a friend and those who see it as a foe. Friends wonder if it is wise to count on America in a crisis; when they see signs of slippage and retrenchment in Washington, they can fairly conclude that they must make plans to care for themselves. Those who see the United States as a foe wonder what they can get away with. Either way, for the increasing number of countries with access to the means, the road of American retrenchment leads toward nuclear proliferation. In Cold War times, the superpowers practiced "extended deterrence." They did not just act to deter attack against themselves. By written treaty or by political nod they extended their nuclear umbrellas over a far-flung array of countries locked into their respective alliance systems. It was costly and dangerous — remember the 1962 Cuban missile crisis and the 1973 Middle East war. But it deterred nuclear war and pretty much kept the demons of proliferation caged. Now there is no Soviet Union. Nor is Russia in a position to open a like nuclear umbrella. The United States does still have a nuclear umbrella. But it no longer has the sense of a high-stakes strategic competition to invigorate its nuclear strategies. And it has a public demonstrably reluctant to back those pledges up. Or so one can conclude after viewing the recent hesitations of American policy in Somalia, Bosnia and Haiti. Would a country that reversed course after suffering one day's casualties in Mogadishu be likely to stand up to, say, a nuclear-armed North Korea, Iraq or Iran threatening its American-allied neighbors? It is more than a little sobering just to pose the question. But it is obvious that the old assumptions about deterrence no longer have the same hold. Nor do new doubts multiply only in respect to the familiar rogue regimes. With friends, too, problems stir. It is conceivable that the United States would extend, and that Israel would accept, a U.S. nuclear "guarantee" as a substitute for Israel's own bomb? The same question can be asked in respect to America and nuclear-ready Pakistan and India. One more: Are Americans ready to accept Ukraine's challenge to offer it nuclear security guarantees — against the Russians, now America's friends — in place of the comforts Ukraine now seeks from retention of Soviet-era nuclear arms?

If You Please, Mr. Clinton, Be Just a Bit Less Human

By A. M. Rosenthal

NEW YORK — Like all presidents, Bill Clinton is just a human being, the same as the rest of us. The trouble is that he is acting like it. Most human beings are quick to take credit when things go well, wriggle out of responsibility when they go wrong, talk big, act small, try to bluff their way out of trouble and look put upon when cornered — oh, the injustice of it all. But we do not elect presidents to be just like the rest of us. We want them to be better, stronger, wiser. In his conduct of foreign policy, on which his nation's safety rests, Mr. Clinton is letting Americans down, and himself. The administration weaves, rationalizes, blames everybody in range. The world takes note. The administration is not heading for a crisis of confidence at home and abroad; it is already in it. For weeks, I avoided writing those paragraphs. I hoped something would happen to prove them wrong. I am not particularly solicitous about elected officials, but neither do I regard them as existing exclusively to provide journalism with daily targets. And like most Americans I am weary of failed or boring presidents and want this one to make it. But the administration has become embarrassing. Mom, it was the UN that did it. Mom, that mean secretary-general is making faces at me. Mom, it was the American people, look how pale they get when American blood is spilled. No, the United Nations did nothing that the United States did not approve in Bosnia, Somalia or Haiti. In Bosnia, I am against U.S. military intervention. But Washington arrived at that decision after avoiding the leadership responsibility — to say yea or nay, without marbles in mouth. On Somalia, pretend it was U.S. troops who were the first to be ambushed and slaughtered, not Pakistanis. Pretend that the United States called for help, and Pakistan sent troops, who thereupon took casualties. Right away, Pakistanis and rapists were not simply getting ready to pull out but meantime were not going to share street patrol duty with Americans. Would Americans still see Pakistanis as reliable allies? On Haiti, why did the United States even think of sending in soldiers armed only with sidearms to train them "police" who itched to kill them? Mr. Clinton is giving cynics an ax handle against his own decent human rights policy. Supporting human rights does not mean sending in the troops every time, or underarmed troops any time. As for Americans, more than any nation they have been ready to bleed for others. But they are not morose,



European Union? Really? How Nice

By Arie Pais

THE HAGUE — On Friday, European Community leaders will meet to celebrate the ratification of "Maastricht." Congratulations. A new era has begun. A common monetary policy looms on the horizon, and in foreign affairs EC member states will henceforth speak with one voice. No kidding. Best of all: Democracy will reach into every nook of the European bureaucracy, and solidarity will reign among the 12. Well, well. But some common sense is in order. Let me touch briefly on three topics. First a word on solidarity among EC states, the rich supporting the poor and so on. These days it is not so easy to tell which countries are the economically strong ones in Western Europe. Luxembourg certainly, the Netherlands perhaps. All in all, rather small shoulders to carry the EC. Luckily, some 35 years ago, the European Community's founding fathers set up the European Investment Bank, which was to promote economic convergence by funding investment in the poorer EC regions. The bank has performed quite nicely. It could (and should) be relied upon to carry on with the job. Unhappily, some years ago the Brussels bureaucracy thought up the additional instrument of "cohesion funds" as a source of grants and subsidies for needy nations and regions. As for America, more than any nation they have been ready to bleed for others. But they are not morose,

most people see a European central bank as something for the next century. Here, too, it is high time to get back to the basics: Allow cooperation among EC central banks to contribute, above all, to what is needed to make the EC a going concern — to do away with the myriad visible and invisible differences in economic and financial policies of EC member states. That will keep them busy for a few decades. Speculation about a common currency can wait. Third, a word on European foreign affairs. Nowhere is the claim to a common EC policy more hollow. Discard on the Balkans is only the most glaring recent example. It is striking to see those hailing Maastricht as the harbinger of a "common" European foreign policy now scramble to get (or cling to) a permanent seat on the UN Security Council. Two of the five permanent members are now from the EC: France and Britain. If EC member states really subscribed to the notion of commonality encapsulated in the Maastricht treaty, this number could be reduced from two to one, the EC speaking with a single voice. But far from it. The drive to attribute an additional permanent seat to the EC is gaining momentum, with Germany as the beneficiary — quite logical in a world of nation-states, but clearly at odds with the union implied by Maastricht. Charles de Gaulle was right: The best the EC can hope for in the foreseeable future is "Europe des patries." Which will take some doing. Let the EC forget the grandiose schemes and concentrate on core business: establishing free markets for people, goods, services and capital throughout the Community, making Western Europe a bastion of free trade and progress. Only then can we proceed to build on. And as to the ratification of Maastricht: One cheer should be enough. The writer is honorary vice chairman of the European Investment Bank and a former Dutch minister of education and science. He contributed this comment, which reflects his personal views, to the International Herald Tribune.

Women on the Edge of Victimization

By George F. Will

WASHINGTON — "My grandmother lived in a world of manures, hair salons, and no place to go in the mornings." That delicious first sentence is the fuse that lights Katie Roiphe's bombshell of a book, in which she argues that a perversion of feminism is reviving stereotypes that constricted her grandmother's world. In "The Morning After: Sex, Fear and Feminism on Campus," Ms. Roiphe, a Ph.D. candidate in English at Princeton, dissects the contemporary feminist obsession with sexual harassment and rape, both broadly defined. Behind this obsession she detects the old image of woman as exquisitely delicate, "with her pure intentions and her wide eyes," constantly on the verge of victimization. Her book is giving some feminists the vapors. Into what Ms. Roiphe, 25, calls "the normal libidinous jostle of co-education" has come a Gothic feminism. It portrays men as predators and women as prey — women who by nature are innocent, passive, manipulable and almost asexual and whose fragile composure crumbles when they encounter male sexuality. This feminism explains a feature of contemporary campus life, the "Take Back the Night" marches. At these rituals, "survivors" of sexual "violence," very broadly defined, "speak out" about their "voicelessness." They describe being "silenced" by a shadowy force with several names — "meat," or, for the intellectually up-scale, "patriarchal hegemony" and "phallocentrism." As Ms. Roiphe drolly notes, being

"silenced" is an experience of the articulate, whose tone is often self-congratulatory. I have survived victimization, so I am very brave. An off-hand statistic of suffering is that one in four college women is a victim of rape or attempted rape. One study that popularized that factoid has interesting flaws. Seventy-three percent of the women categorized as rape victims did not themselves define their experiences as rape. Some feminists say that just proves how much these women need their consciousness "raised." Ms. Roiphe considers it remarkable that with 25 percent of her peers encountering rapists, yet she never noticed it. "Somebody," she says, "is 'finding' this rape crisis, and finding it for a reason." They find it by postulating that women are trapped in a "rape culture" where they are powerless and hence true sexual consent is problematic, perhaps impossible. The chorus about the ubiquity of "date rape" generates a climate of constant fear that Ms. Roiphe says sequesters feminism "in the teary province of trauma and crisis." In the process, the brutal crime of rape is trivialized. Pamphlets titled "Is Dating Dangerous?" and "Friends Raping Friends" warn freshmen women to "be on your guard with every man." Such literature expresses what Ms. Roiphe calls "the old sugar-and-spoice approach to female charac-

ter." It infantilizes women, portraying them as helpless before the onslaught of insatiable male desire. "We've come a long way," writes Ms. Roiphe, "and now it seems we are going back." In its portrayal of female composure, character and free will, "rape crisis feminism" echoes an 1848 book warning young women about verbally adroit men who will "dazzle and bewilder her mind" using "a subtlety almost beyond the power of her detection." The preoccupation of rape crisis feminists with explicit, verbal, step-by-step consent to everything sexual — anything less supposedly is rape — rests, Ms. Roiphe says, on antique assumptions about the way men and women experience sex. Men are supposedly lascivious; women are innocents who, like children, have trouble ascertaining or communicating their desires. One pamphlet defines rape to include "a woman's consenting to unwanted sexual activity because of a man's verbal arguments not including verbal threats of force." By means of "the Victorian" cunning ruses (the "Victorian" language seems natural here) turn the pretty little heads of weak-willed women. No wonder feminists who think like this are so smitten with that quintessential contemporary victim, the woman whose story was so uncanonically — or perhaps canonically — congruent with this latest fashion in feminism, the woman who herself said she passively followed her supposed second narcissist from one job to another — Anita Hill. Washington Post Writers Group.

You, Too, Can Push Us Around

By Anthony Lewis

BOSTON — Of all the recent setbacks for American foreign policy, none is as damaging to President Bill Clinton's credibility as the humiliation in Haiti. Events there raise urgent questions — for him as for us all — about the quality of the advice he is getting, and of his own leadership. The excuses offered for failure in Bosnia and Somalia are not available in Haiti. One cannot say, as is said of American inaction on the Bosnian genocide, that the first responsibility is Europe's. Mr. Clinton did not, as in Somalia, inherit an ill-thought-out policy from President George Bush. To Haiti, the Clinton administration created its own policy: to restore democracy by negotiation with the military usurpers. It convened the talks on Governors Island and pressed for the agreement reached there in July. It undertook to guarantee the agreed formula for the return of President Jean-Bertrand Aristide on Oct. 30. Then, when a ragtag gang of armed thugs demonstrated against the landing of U.S. and Canadian soldiers, Mr. Clinton and his aides panicked. Instead of leaving the Haitian military to call off its dogs, the administration sent the ship away. The message to the military rulers in Haiti was unmistakable: You can push us around easily; the U.S. government is so afraid of its public opinion after Somalia that even you can intimidate it. Then there is the message to the brave Haitians who have stepped forward to oppose the military. Robert Malval, a businessman, agreed to be prime minister at the personal urging of Mr. Clinton and Vice President Al Gore. Are he and his colleagues now to be left vulnerable to the knives? A respected diplomat in Haiti, not American, said of the decision to turn the troopship around: "It is a scandal, an infamy. It just pulled the rug out. Keep the ship there as a symbol of keeping pressure on the military. The analogy with Somalia is ridiculous. Overall, Haitians are united in wanting democracy. Sitting on top are a tiny, tiny group of thugs who are no longer even united with the business elite. There's no real military force, just a rabble." How did it go so wrong? The fault lay not in the policy but in the competence, or rather the incompetence, of its execution. The Clinton policy on Haiti was sound. The United States has an interest, not most narrowly, in stopping the flow of refugees from Haiti. President Bush sought to do that by using navy ships to interdict the fleeing people. The Clinton administration saw that the wiser policy was to seek a legitimate government in Haiti. The administration got support for negotiation from the Organization of American States and the United Nations. It brought in Canada, France and Venezuela as co-guarantors of the Governors Island agreement. But the administration failed to deal with Pentagon concerns about getting troops into Haiti and assuring their safety. It turned out that the concerns were justified. There was also a staggering failure of intelligence. In the weeks before the aborted landing, American correspondents in Haiti wrote about rising violence and the threat to the diplomatic solution. But the U.S. Embassy pooh-poohed the stories, criticizing the journalists' "negative articles." Perhaps the U.S. diplomats were conditioned by years of downplaying the horrors of Haiti in order to vitiate Haitian refugees' claims for asylum. Clinton officials should in any event have known better than to expect honor from the Haitian military. When the crisis came, the president's top cabinet and White House aides were evidently traumatized by fear of "another Somalia." No one had the independence or courage to say to Mr. Clinton: "You've got to hold your ground." The American public is in a mood of extraordinary timidity about the use of power. But the way for a president to deal with that, when he has a sound policy to carry out, is to exercise leadership: to explain the U.S. interest and the reasons for action. Bill Clinton needs some advisers on foreign and defense policy who are not shy about telling him straight what has to be done. And he needs to understand that it is not enough for a president to analyze all the options, however brilliantly. As Haas Truman understood, he has to decide. — The New York Times.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Archduke Returns

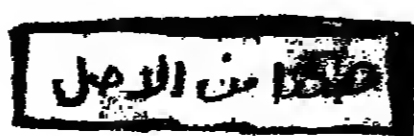
VIENNA — An unusual excitement was observable at the Western Railway station on the arrival of the Orient Express train from Paris, which brought home the Archduke Francis Ferdinand, the Hereditary Prince, after an absence of ten months on a journey around the world. The Prince spent many weeks in India, Australia and Japan for shooting purposes. He bagged an immense amount of game in those countries, as well as in America, and has sent home no fewer than 400 cases filled with prepared birds and animals.

1918: 500 Ships Filled

WASHINGTON, D.C. — As a part of the American plan to increase food shipments to the forces abroad, one measure is of particular interest. Due to clean threshing methods an estimated 16,000,000 bushels of wheat have been added to the supply produced under normal threshing conditions. Several thousand tests show that raking shock rows has saved about a bushel of grain per acre. The saving represents cargoes of 30,000 bushels each for 500 food ships.

1943: Surprise Attack

LONDON — [From our New York edition:] In direct aerial support of Yugoslav Partisan troops, American planes yesterday (Oct. 22) surprised and destroyed a formation of six German Stukas attempting to bomb the Partisans along the Dalmatian coast. Sweeping across the Adriatic from Italian bases, the Americans struck widespread blows through Yugoslavia to help the Partisans secure the bridgehead which might be used in an Allied invasion of the Balkans. The Stukas were taken completely off guard as F-40 Warhawks crested in at a higher level and destroyed the German formation in a five-minute battle over the area where Partisan forces are engaging Field Marshal Erwin Rommel's reinforced German divisions.



THE FUTURE OF PRIVATIZATION in EUROPE

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ART

Philip Johnson: Living in 2 Glass Houses

By Herbert Muschamp
New York Times Service

NEW YORK — Glass, the early German modernists believed, would launch a cultural revolution. Glass walls would not only change the look of buildings. They would transform the lives of those who lived inside them.

Stripped of the opaque, protective cover afforded by old-fashioned masonry buildings, civilization would advance toward a light-filled realm of freedom and candor. Philip Johnson lives in two glass houses. One is the landmark residence in New Canaan, Connecticut, that he designed for himself in 1949. The other is the fishbowl of fame that he has inhabited most of his life. And in Johnson's case, at least, it turns out that the early modernists may have had a point. Even those who detest Johnson and his architecture will grant his disarming candor.

Always quicker than his critics to concede his faults, Johnson long ago perfected the art of self-deprecation as a shield against attacks by others. When an architect routinely belittles his own work, calls himself a whore and makes no secret of the fascist sympathies that overtook him in the 1930s, where's the fun in trying to take him down a peg or two?

Whether or not there is any connection between Johnson's frankness and the transparent walls of his country home, the Glass House is widely regarded as his most successful building.

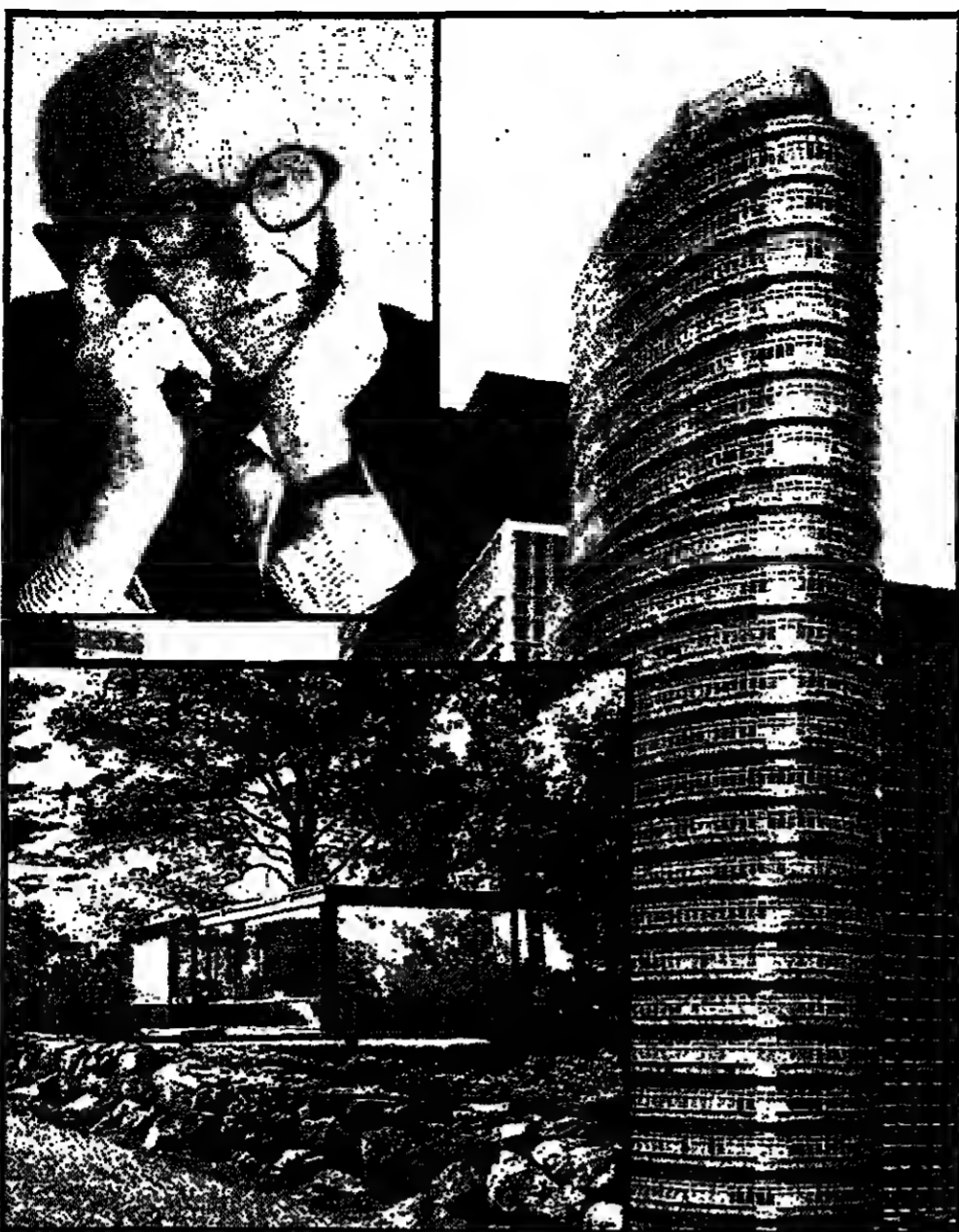
His faults may be legion — in fact Johnson's faults have always been at least as stimulating as his virtues — but the Glass House is not to be classed among them.

Inspired by the Farasworth House, designed by Johnson's mentor, Ludwig Mies van der Rohe, in 1947, the classically symmetrical pavilion of glass walls set atop a brick base took to an extreme degree the Miesian ideal of "almost nothing."

This fall, the house and the other structures Johnson has added to his Connecticut property over the years are being celebrated with the publication of "The Glass House," a collection of essays edited by David Whitney and Jeffrey Kipnis.

Johnson and his house also figure prominently in another new book, "No Place Like Utopia," Peter Blake's hugely entertaining memoir of architects and architecture in the postwar decades.

Both volumes pay lavish tribute



Johnson, the "lipstick" building in New York, and the Glass House in Connecticut.

in the design of the house and also to its reputation as a kind of cultural greenhouse where Johnson and his friends sprouted even grander designs for American architecture.

"The Glass House was a beautiful salon," Blake writes, "and here the worlds of the new architecture and the new arts met on weekends and mapped out the future. Or so it seemed."

Both books reproduce a famous photograph by Arnold Newman of Johnson seated inside the Glass House, an image as eloquent as

anything that has been written about either.

The picture, which reduces Johnson and the house to a dark shadow veiled by shimmering reflections, recalls a line in a short story by Truman Capote: "Think of nothing; think of wind."

Newman's photograph suggests that transparency can be a form of camouflage, and candor a form of evasion.

And indeed, one of Johnson's enduring strengths, for all his public visibility and his legendary power, may well be his ability to impersonate a kind of nothing thing, a fleeting thing, a wisp in the winds of fortune, fashion and changing times.

Philip Johnson has had a long life and a long career, but the period in which he dominated American architecture was brief.

It began in 1974 with the death of Louis Kahn and ended about 15 years later with the growing recog-

nition that American architecture had been operating for some time without a social contract.

It ended, in other words, with the '80s, and all that "the '80s" had come to signify: the breakdown of faith in the democratic ideal of equality and in architecture as a means of attaining it.

Needless to say, Johnson himself did not vanish with the turn of the decade. On the contrary, last year, at the age of 86, he once again demonstrated the extraordinary powers of regeneration that have marked his career for six decades.

Squeezed out of the firm he had formed in 1972 with John Burgee, his partner in the boom years, Johnson moved to smaller quarters upstairs in his "lipstick" building in New York City and formed a leaner, meaner firm for recessionary times. But while Burgee slipped into bankruptcy, Johnson forged ahead, not only professionally but esthetically. Recent projects show

him gleefully plundering from the fragmented architecture of Frank Gehry and the folded volumes of Peter Eisenman.

The new firm signified something more than Johnson's legendary resilience, however. It was also a sign that "the '80s" did not end with the '80s. Nor, for that matter, did "the '80s" begin with the '80s.

Rather, that decade raised to an exasperating pitch an attitude of extreme subjectivity that long preceded those years, did not die with them, and cannot be willed away by a show of righteous indignation with the decade's fabled excesses.

It is not surprising that Johnson emerged as a figurehead in that time, since his work has long embodied the subjective principle.

His designs might be good, or they might be terrible, but who could say? Embracing movements and styles one minute only to drop them with a thud the next, Johnson seems to have made it his mission in life to keep American architecture in a more or less permanent crisis of evaluation.

His singular gift has been to undermine the very idea that there can be objective criteria for judging buildings.

Taste, willfulness and what Vincent Scully once called Johnson's "admirably unselfish wit" — these aspects of the cultivated sensibility have been Johnson's stock in trade. And even if Johnson were to blow away tomorrow, the issues raised by his work would remain to haunt us.

Slight though much of the work may be, it nonetheless challenges us to rethink the prospects for architecture as a social art.

Peter Blake's book reminds us how valuable Johnson's subversive mission once appeared. In the 1950s and '60s, when the modern movement ruled supreme, Johnson's witty, barbed critiques of the movement's "shibboleths" and "crutches" offered a tonic antidote to the status quo.

ALTHOUGH the movement claimed to be objective, Johnson exposed the degree to which it was rooted in myths. Unlike Louis Kahn, Johnson did not point modern architecture in a new direction. Nor, unlike Robert Venturi, did he frame a new set of ideas that other architects could grasp hold of. Johnson's aim was not to revise or rewrite rules but to break them, to assert the claims of artistic freedom in a profession governed by the ideal of norms.

In place of "almost nothing," Johnson evoked an image of practically everything. And in the decades that followed he was able to give form to an endless cavalcade of polymorphous fantasies. Some of these fantasies were capably designed, others were not much more than hastily constructed sketches, but the entire enterprise had the irresistible allure of the fantastic, an apparition or a dream.



Alfred Kubin's "Cholera," done about 1900, owes a debt to Darwin.

Art's Struggle With Science

By Michael Gibson
International Herald Tribune

PARIS — "L'âme au Corps: Arts et Sciences, 1793-1993," a 1,000-item exhibition at the Grand Palais, provides a stimulating if somewhat overwhelming overview of the endless debate between the poetic and the scientific views of the world.

The title means roughly "Body and Soul" and the show, which runs through Jan. 24, dwells upon the doctrines, theories and fantasies of the mysterious interaction and articulation between the tangible and intangible in man.

Artists and writers have naturally been influenced by scientific accounts of how organic conditions affect the way people think and feel.

The exhibition sets out to demonstrate a certain number of things (basically that there never was an absolute hiatus between the scientific and the artistic approach), but its most fascinating achievement is that it allows the visitor to walk through two centuries of fantasies and obsessions touching upon the interaction between the body and mind — fantasies that were entertained by scientists, artists and laymen alike.

It starts in an oddly impressive way, with some extraordinary adjuncts in 18th-century anatomical science. There are wax models like the hyperrealist woman's head executed in 1784 by André-Pierre Pinson for the Duc d'Orléans. Viewed in profile from the left she is seen weeping a crystalline tear. Viewed from the opposite side we discover an anatomical section of her head. There are also some grimmer artifacts, like mummified heads and limbs, some of which were made by Honoré Fragonard, a cousin of the painter.

This was the stage at which medical science in France managed to break free from the authority of the Catholic Church. The issue inevitably generated conflicts and this polemical intensity may explain why Julien Offray de La Mettrie ventured his provocatively reductionist description of man-as-machine — as a result of which his book was banned and he had to take refuge at the court of Frederick II the Great.

An equally materialistic but less tangible account of the workings of the human body and mind was sought for in such mysterious "fluids" as electricity (which was discovered to cause muscular contractions), and "magnetism" which was exploited, with a lot of hocus-pocus, by Franz Anton Mesmer.

Toward the end of the 18th century, Luigi Galvani

and his wife Lucia established that nerve signals were transmitted electrically. All sorts of fantasies were provoked by such discoveries, and by early experiments showing that the muscles respond to an electrical stimulus. The most famous of these was Mary Shelley's "Frankenstein."

The all-encompassing 19th-century urge to classify things found expression in such pseudo-sciences as phrenology and physiognomy which claimed to find indications of an individual's character and disposition in the bumps on the skull or the shape of eyes, lips or nose.

Phrenology got an accidental boost when Paul Broca discovered that the seat of language happened to be in the frontal lobe where the Austrian phrenologist Franz-Joseph Gall had placed it. Broca and others attempted to establish the facial characteristics of criminal types. Both Kant and Hegel declared that phrenology was nonsense, but quite a few artists, including Gustave Courbet and the sculptor David d'Angers fell for it. Degas took an interest in the pseudo-science of physiognomy. Honoré Daubigny, on the other hand, made brilliant sport of both.

Darwin's theory of evolution naturally fired tremendous fantasies. This theory prompted some of the nightmarish fantasies of an Alfred Kubin, as well as the milder ones of Odile Redon.

The flourishing interest in spiritism around the turn of the century is documented in a number of curious items (it fired the interest of Victor Hugo and the Futurists), and so is the impact of Freudian theory (whose influence on Surrealism is ignored).

What makes the whole thing stimulating and rather awe-inspiring is the strange blending of fact and fantasy, works of art both splendid and grotesque, and scientific instruments that remind one of Dr. Frankenstein's laboratory and reveal the extent to which these guiding fantasies and rumors of the grand venture of science are amplified to this day in motion pictures from "King Kong" to "Solaris."

The exhibition does stop short of the closing date of 1993 mentioned in its title. The present century has generated a new cultural anthropology which is no longer positivistic, while such new sciences as ethology (with Konrad Lorenz), and psychology with an ethological slant (John Bowlby and others) provide a rather more comforting and human view of the consequences of both Darwin's and Freud's discoveries.

None of these are mentioned in this exhibition, although they have helped resolve the implacable dichotomy of "body" and "soul."

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BOOKS

FLY-FISHING THROUGH THE MIDLIFE CRISIS
By Howell Raines. Illustrated. 352 pages. \$22. William Morrow & Co.
Reviewed by Edward Hoagland
WATER is different. It ripples, runs, gleams and shines, mirroring the sky or turning unathomably black; and more than any form of food it is of course the staff of life. Not surprisingly, most waters are being overfished nowadays, and not just for protein, but for the sake of "interrupting the invisibility of these shining creatures and existing for a moment with them in their wildness," as Howell Raines explains.
Raines, a career reporter who is now the editorial page editor of The New York Times, plays to his strengths in "Fly-Fishing Through the Midlife Crisis," a fine book about his consuming avocation. The chapters are short, the headings funny ("Cornering the Strucker"), with quick, pithy takes on numerous intriguing people in brief, succinctly edited paragraphs and a lively prose.
"But this is not The Times," Raines adds, slammng bad guys like Herbert Hoover and Ronald Reagan with liberated abandon, and praising legendary fishermen like Lee Walfit, Charlie Fox and Lefty Kreh to the heavens. He knows his lore and wears his other learning lightly. Fish have a satisfying, seminal shape, and the appeal of catching them is akin to "pulling a rabbit out of a hat."
Indeed, what with the fish's history as mythic symbol and religious icon, he writes, "I begin to wonder if having fish shapes around me is a way to stay in touch with the ideas of Jesus without having to go near the people who do business in his name."
"Fly-fishing is to fishing as ballet is to walking," Raines declares, pointing out that many men come to it from other kinds of angling involving "powerful boats, heavy rods and brutally strong fish. Perhaps this is because they are getting wiser and less hormonal." Or perhaps it is that as men get older, some of them develop holes in their souls, and they think this disciplined, beautiful and unessential activity might close those holes.
Raines imparts his casting tips and stream bed savvy gracefully, along with a lambent love for what he calls "waters that move" all over the United States.
But his ambitions extend beyond doing that. As the title indicates, he wants to examine the deep funk he fell into at midlife, complete with a divorce and a seven-year feud with his father and brother, as well as allowing his boss at work to get his goat so much that Raines finally posted a note to himself next to the intercom: "It is a good day to die."
He also aspires to explicate the nature of friendship, as he navi-

gates a passage from what he affectionately calls the Redneck Way of his forefathers in the Alabama hill country to a more enlightened manner of living that he calls the Blacklock Way, after his dead friend Dick Blacklock, in Washington.
The problem is that although Raines writes winningly enough about his own concerns and conversions, Blacklock seldom appears to be in any sense a match for him.
Raines huffs and puffs about this Sunday chum, even prints his funeral eulogy verbatim, but not convincingly. And the divorce, which seems to have been the centerpiece of his "crisis," remains shadowy because his gentlemanly reticence prevents him from describing his wife, Susan, or later, female friends.
Nor is the boss who badgered him pictured at all. And the family feud is bleached out in the telling. I think, because he fails to blame himself as much as he should.
Fine fishing books are such a rarity, however — and this one can be read at a sitting by nondevotees also — that I shouldn't overstate my frustration when Raines sidesteps the messy particularities of this funk, which he wishes us to see as exemplary.
He is a superb journalist whose portraits of acquaintances in the middle distance are both pungent and perfectly paced.
Edward Hoagland, whose most recent book is "Balancing Act," a collection of essays, wrote this for The New York Times.

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010

'Islamic Art': Enigmas and Mysteries

The Field Is Too Complex For Simple Attributions

LONDON — Future generations may marvel at our simplistic approach to distant cultures. No where is it echoed more blatantly than in art market categories and the expression these find in auction catalogues.

There is no more an "Islamic Art" than there is a "Christian Art" from Charlemagne to Queen Victoria.

Elsewhere, a magnificent openwork steel standard made in 1097 of the Muslim era (A.D. 1685-1686) was not "Safavid" either. It is very Iranian in design, but the brass nozzles with their swirling heads in purely Indian style rule out Iran.

Where epigraphy is most essential is in alerting to the existence of problems. The cataloguers might have tackled somewhat differently the case of the most puzzling piece to turn up on the so-called "Islamic Art" market in many years, had they been familiar with early scripts.

THE massive bronze lion that eventually sold for a phenomenal £2.4 million, is an enigma wrapped in mystery. The mystery is how it could have been "the property of a noble European family by descent," a phrase that implies ownership over a long period of time, and yet escaped for so long any form of publicity. Never exhibited, it was hitherto unrecorded.

The enigma is how the piece can deviate so broadly from the whole body of inscriptions now known from early metalwork, animals included, either in Western Arab lands where its origin is hypothetically placed, or in the Iranian world, with which Andalusia had close links.

Stranger still is the handling of the animals in the pointed shields engraved on the shoulder in direct imitation of the model seen on the Pisa griffin. They are clumsily done, in surprising contrast to the Pisa griffin effigies executed with consummate skill.

Similar negligence can be detected in the arrangement of the engraved ornament in relationship to the sculptural volume. It is particularly bizarre to have a long calligraphic border abruptly cut off on the side by the angular edge of the thigh, without any framing band.

Most difficult to accept without further discussion is the lion mask. There are too many features that have no match elsewhere, from the big raised contours of the eyes and pupils, to the engraved panels clumsily executed on the nose or the three-stalk motifs on the face, which would appear to be borrowed from earlier plant stylization.

To allay the fears that may have haunted them, the Christie's experts took the rare step of submitting the object for analysis in a laboratory in Oxford. The report says, among other things, that the composition of the alloy differs from that of the other alloys hitherto analyzed in early Islamic objects, but that the corrosion is convincing evidence of age.

This failed to persuade the Spanish scholar A. Fernandez-Puertas, who wrote to Christie's and to me a long letter setting out his reasons for rejecting the authenticity of the piece. After having worked on metalwork from the Iranian world and the Arab world for over a quarter of a century, I myself find this piece incomprehensible.

The case of the lion is extreme because it is so spectacular, but it is by no means the only instance of a puzzling object. Christie's, for example, illustrated in color a "fine early Islamic bronze ewer" that is indeed typical of northern Iran in the seventh or eighth century. What is not is the engraved ram's head, which looks like something out of a Mickey Mouse comic.

Perhaps some fan of Walt Disney's world of fantasy decided the stern object needed some artistic improvement. A bird dated in the catalogue to "circa 14th century" bears a deceptive resemblance to 19th-century birds with its harsh handling of the head and its sharp edges in the openwork tail. That sold for £25,250.

Two days later, it was Sotheby's turn to be lost in doubt. Mysteriously, some lustre painted bowls ("Persia, early 13th century") illustrated in color in the sale catalogue and displayed during the viewing had vanished, "withdrawn," on D-day. So had an "Ottoman Tombak Chamfron Turkey 16th Century" as well as a helmet also given to "Turkey 16/17th century."

A panel of Iznik tiles from a set represented in the Kuwait Museum was rejected by Yanni Petropoulos, who has one of the finest eyes on Turkish pottery, as "Revivalist art of the late 19th century. They sold for £8,067. No wonder that in this environment prices go up or down erratically. Many were extraordinary this week in both houses, whether the talk is about an outstanding ewer from ninth-century Khurasan, sold for £48,697 at Christie's, or the remarkable early Iznik vase, smashed in pieces and missing some bits but sold nevertheless for £59,872.

In between, there was a moment of sanity at Bonhams, which had its first "Islamic" sale on Wednesday. Prices were consistent on the whole, with few failures for objects that were less ambitious.



This massive bronze lion sold for a phenomenal £2.4 million.

Abstract images from nature subtly enhance other pieces. An Art Nouveau buckle by Edward Colonna that glows with opals, pearls and garnets is shaped rather like a bug. And a peacock's tailfeathers are suggested in the blurred swirl of purple and blue on a Tiffany glass vase.

Memorable among the unadorned objects are an amusing pottery pitcher by Christopher Dresser of Britain; silver vessels from a tea service by Jean Puifort of France; a water goblet of the thinnest glass by Josef Hoffmann of Austria; and a sturdy oak and rattan chair by Peter Behrens of Germany.

OR absolute simplicity there is a teapot in heat-resistant clear glass by Wilhelm Wagenfeld, one of the few Bauhaus objects in the museum's collection.

While the geometric shapes and industrial finishes of designs produced at the Bauhaus were accepted as modern for most of this century, they were not valued the same way by the Victorians.

Designers in the 19th century borrowed freely from nature and the past, reviving styles that cov-

Rebirth of Victorian Design

By Rita Reif New York Times Service

NEW YORK — Twenty-five years ago, Victorian was a term of disdain. But with today's tastes running to the opulent, the Victorian proclivity for enrichment seems right in step.

In fact, as is evidenced by some of the more lavishly embellished items in "Toward Modern Design: Revival and Reform in Applied Arts 1850-1920" at the Cooper-Hewitt Museum, Victorian style is now viewed by some experts as the precursor of modern.

"Our concepts of the 19th century and of modern have changed," says David Revere McFadden, the museum's curator of decorative arts, who organized the show. "Modern means design of the recent past and is no longer restricted to just pure form. Today the term also includes what seems like the entire history of ornament."

Predictably, the surfaces on the 80 items in the show, all from the museum's collection, range from austere to excessive. The wallpapers, tableware, jewelry and furnishings include not only the forerunners of the minimal designs produced in the 1920s at the Bauhaus in Germany and in the 1960s by Milan architects, but also more elaborate items inspired by nature, history and exotic cultures.

Botanical imagery, which swept through the decorative arts at the turn of the century, shows up in a grouping of a flowerlike vase by Louis Comfort Tiffany, a cucumber-shaped silver dish, a wallpaper patterned with fruit, and a lapel watch, made in 1839, in the form of a diamond-studded pink rose.

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Designers in the 19th century borrowed freely from nature and the past, reviving styles that cov-



Tiffany lapel watch.

ered virtually all of history and borrowed from many exotic cultures.

The exhibition includes a line-for-line copy of an ancient Egyptian stool by Liberty & Co. of London and two French designs — a bulbous Islamic-style vessel decorated with flowers by Joseph-Theodore Deck and a vase shaped like a Japanese fan by Emile Gallé.

The pursuit of the past is also seen in such fanciful adaptations as a cut-glass English decanter modeled on an ancient Greek form, an Italian brooch depicting an ancient Roman princess and a rococo

American teapot by Samuel Kirk & Sons of Baltimore.

In the show's wall labels, McFadden quotes several Victorian designers who explain how they immersed themselves in historical and foreign cultures when copying other works.

In 1876, for example, Dresser wrote that his success in translating Arabian, Chinese and Indian patterns depended on becoming, in spirit, "a citizen of the country whose ornament I wish to simulate."

The resulting pastiche of styles and ornament in late-19th-century decorative arts caused many architects and industrial designers to rebel. Agitated at being, as he put it, "maltreated by our stylish furniture," Adolf Loos, a Viennese architect and industrial designer, insisted about 1900 that all surface decoration and curves be erased from modern design to eliminate what he called the "Renaissance, Baroque and Rococo blisters."

The same wealth of influences, which some people find excessive, exists in today's modern designs. "Excessiveness is very much a subjective judgment," McFadden says. "The exhibition was not organized to teach good design, but to explore how these objects were viewed and understood in their own time."

Dining Out section with restaurant listings for Paris 1st, 2nd, 4th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th.

Hollywood Defensive on TV Violence

By Bernard Weinraub New York Times Service

LOS ANGELES — Attorney General Janet Reno's threat on Wednesday that the government will take action unless the television industry curbs violent programs has left television and movie executives rushing for cover. A number of these executives said they were puzzled by Reno's warning, which came in the aftermath of several tragedies apparently linked to a movie and a television program.

In one group of incidents, a teenager died and several other teenagers were injured as they imitated a scene in "The Program," a current Walt Disney Co. film about football, in which some players lie in the middle of a busy road to prove their toughness. As soon as the real-life incidents occurred, the Disney Co. took the unusual step of saying it would remove the scene from all 1,222 prints of the film.

The film, which has not done well at the box office, has been seen by relatively few people in theaters. But now the excited scene has been viewed by millions because television news programs have reproduced it. "It's absolutely insane to show this on television," said Carole Lieberman, a psychiatrist

and a former chairman of the National Coalition on Television Violence.

Earlier this week, MTV moved the hit cartoon program "Beavis and Butt-head" to a later hour after saying the two title characters would no longer set things on fire for fun. That was after an Ohio woman blamed the program for the death of her 2-year-old daughter in a fire set by her 5-year-old son.

The question that emerged here Thursday after Reno's comments was this: What are the responsibilities of filmmakers and television executives in terms of violence? The

answer, in a town where huge sums of money are involved, was that social responsibility goes just so far.

Within the movie industry, the mood seemed to be totally defensive. Executives felt strongly that the government should not involve itself in legislating the content of television programs or films. On the other hand, most of them sidestepped the question of who should take responsibility for excessively violent movies that may be commercially successful.

Jack Valenti, the chairman of the Motion Picture Association of America, which represents the ma-

nor studios, said in an interview: "I am utterly opposed to the government getting involved in anything to do with content. Any legislation like that would inevitably allow them to graze the outer edge of the First Amendment. This gives a lot of Maoist moments to people in the creative community."

But asked about who should take the responsibility for violent films, Valenti said: "There were 616 films we rated. Some of them were atrocious. There are movie-makers out there who are profane, tawdry, lousy. But a lot of good stuff gets made."

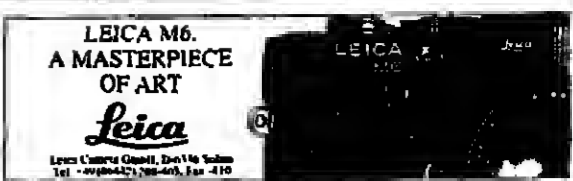
"THIRTY YEARS OF PASSION FOR A FUTURE PROJECT" BERNARD STEINITZ AT SAINT-OUEN. Within the framework of an economic and social project in partnership with the town of Saint-Ouen and the municipality's request to clear the space occupied by the warehouses and studios of BERNARD STEINITZ, an exceptional public sale by auction will be held in Saint-Ouen, comprising mainly 17th and 18th century interior and exterior decorations collected over a period of more than thirty years. More than 1000 lots, from works from famous collections and royal châteaux to works of art within everyone's reach: All aspects of 17th and 18th century interior and exterior decoration will be represented: wood panelling, statuary, marble, fireplaces, ironware, consoles, frames, lights, chairs, clocks...

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BUSINESS



International Herald Tribune, Saturday-Sunday, October 23-24, 1993

THE TRIB INDEX: 110.86

International Herald Tribune World Stock Index is composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific			Europe			N. America		
Approx. weighting	25%	Approx. weighting	40%	Approx. weighting	35%			
44 P.M. 1024.00	127.28	44 P.M. 1183.00	116.88	44 P.M. 94.50	95.51			

Industrial Sectors			
44 P.M.	Prev. close	% change	
Energy	109.80	109.50	-0.27
Utilities	118.24	116.68	+1.34
Finance	121.24	119.58	+1.38
Services	120.00	121.04	-0.86

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 151 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Raider Is Fined In China

Beijing — In an important test case for regulatory policy, the stock market watchdog barred its teeth Friday, fining China's first corporate raider 1 million yuan (\$173,000) for illegally snapping up shares of a small company in Shanghai.

The Securities Regulatory Commission ruled that Bao An Enterprises of Shenzhen had violated disclosure rules in its aborted takeover of Shanghai Yanzhong Industrial Co.

"We mean to be very serious about these violations and intend to punish violators seriously," the commission's general counsel, Gao Xigang, said after the decision.

He emphasized, however, that Beijing was not opposed to corporate takeovers, even hostile ones. But he insisted they be done methodically and openly so all investors' interests were protected.

The commission found that Bao An had violated rules designed to protect small investors handicapped by limited access to market information. The rules decree that once an investor has amassed 5 percent of a target, it becomes an "assumed insider" and must stop trading, announce what it has done and wait two days before buying more shares.

Bao An was found to have amassed 6.05 percent of Yanzhong by Sept. 28 and in concert with two Shanghai units, obtained 10 percent two days later — without the required public notice.

Bao An also was ordered to hand over to Yanzhong 500,000 yuan in illegal "short swing profits."

Your Company, On-Line SEC Data to Come Free via Computer

By John Markoff
New York Times Service
SAN FRANCISCO — Showing the Clinton administration's willingness to offer broader public access to government information, the National Science Foundation is financing a project that will make corporate filings to the Securities and Exchange Commission available free via a computer network.

The project will provide access to the SEC's on-line data base of financial information from America's public corporations. The decision to support it is a shift away from the federal information policies under Presidents Ronald Reagan and George Bush. Those administrations favored letting private companies sell printed and electronic versions of government data.

Although the National Science Foundation project is a test, it has access to the Internet computer network through a modem or a direct network link. The Internet, a loose collection of computer networks that is administered by the National Science Foundation, is now routinely accessible from most university campuses and businesses.

Internet access is rapidly becoming a feature of many commercial on-line computer services as well. Some 20 million computer users are connected to the Internet.

"This is a wonderful example of how the Internet might be used to provide access to government information," said Marc Rotenberg, national director of Computer Professionals for Social Responsibility, a Washington public interest group.

The project underscores how rapidly changing technologies are making it possible to offer low-cost access to government information that has previously been available only on paper in libraries or electronically on mainframe computers that were difficult and expensive to tap into from remote locations.

But increasingly, that mainframe data can be transferred easily to inexpensive workstations.

It also emphasizes the increasing scope of Internet as the forerunner of a national data highway that is expected to carry computer data, video and voice in the next century.

The project, financed with a \$660,000 grant from the science foundation, is being undertaken by the Stern School of Business at New York University and a small Washington company, the Internet Multicasting Service.

Under the current system, a retail information provider, like Mead Data Central's Nexis service, charges about \$15 for each SEC document, plus a connection charge of \$39 an hour and a printing charge of about \$1 a page.

The only fees to use the SEC's data base under the science foundation's project would be for access to the Internet, for which pricing varies. Commercial access can be bought for as little as \$2 an hour.

New Rate Cuts Send European Stocks Surging

By Richard W. Stevenson
New York Times Service
LONDON — Buoyed by a round of interest-rate cuts, Europe's major stock exchanges surged to record levels Friday as investors bet on improving prospects for economic recovery.

Markets in London, Frankfurt and Paris closed at all-time highs, one day after the Bundesbank cut Germany's two key short-term interest rates by half a point each, setting off similar reductions in most other European nations. Markets in Amsterdam, Stockholm and Zurich also set new records, while others closed up sharply.

The Bank of France lowered two key rates by half a point, a move followed by leading French banks. The Bank of Spain cut key rates by a quarter of a point, to 9.25 percent, while the Danish and Irish central banks both cut key rates by half a point.

The rate cuts should help speed recovery in the moribund German economy and throughout Western Europe, which has been plagued by recession and rising unemployment. They have also made equities attractive compared to more rate-sensitive investments such as bonds and savings accounts, prompting a flood of additional funds into the markets.

Friday's stock gains continued a run that has seen the Frankfurt exchange gain 36.2 percent since its low for the year in January, with Paris gaining 25.9 percent in the same period and London 16.3 percent.

In Frankfurt, the DAX-30 index closed at 2,066.17, up 31.48 points. In Paris, the CAC-40 gained 32.14 points to close at 2,231.86. The Financial Times-Stock Exchange 100 index in London closed up 10.7 points at 3,199.0.

The European component of the International Herald Tribune World Stock Index rose 0.34 percent.

Analysts said that the markets were likely to remain frothy for some time, because European central banks will probably continue slashing rates into next year.

"You've got economies across Europe that at best are showing a bottoming out," said John Reynolds, the head of global strategy at County Natwest Securities in London. "There's still a bias towards easing, and I expect that bias to continue to underpin the markets. There's room for further liquidity-driven rallies."

With inflation appearing under control in Germany, the Bundesbank is expected to push its discount rate, which now stands at 5.75 percent, down by as much as two full points in the next six months.

Since July, when it made its last rate cut, France has been heaving to a hard-line policy of defending the franc.

See STOCKS, Page 12

Asian Airlines, Looking for Savings, Buy Fewer Planes

By Michael Richardson
International Herald Tribune
BANGKOK — From the end of this month, businessmen and tourists bound for China will be able to fly directly from Bangkok to Guangzhou or Shanghai on a three-weekly service being started by Thai Airways International.

But, as the airline searches for routes that will be a source of growth, it, like many others, is cutting service to saturated markets in the West.

After a bout of rapid expansion, Southeast Asian airlines are rearranging routes and cutting back aircraft purchases to try to remain profitable.

On Oct. 31, for example, Thai International will reduce its service to Los Angeles from seven to four times weekly, via Seoul. Its Bangkok-Tokyo-Los Angeles service will be suspended.

Because these carriers' hopes for growth are centered on Asia, analysts predict an intensification of the discounting and fare wars that have plagued passengers while denting profits.

Meanwhile, Thai International is the latest Southeast Asian carrier to delay or cancel orders of new planes from European and American manufacturers to reduce overcapacity.

Thammoon Wangjee, Thai International's president, said recently that the company would take delivery of only 18 of the 23 aircraft it had been scheduled to receive from Boeing Aircraft Co. and Airbus Industries over the next five years — nine each from the American company and the European consortium.

He said orders for three long-range Boeing 747-400s and two smaller Boeing 777-200s would be deferred. A spokeswoman for Thai International said it was not yet clear when those planes would be delivered. But she said that no penalty payments were being made to Boeing.

The original orders for the 23 aircraft and spare parts were valued at \$3 billion.

Southeast Asian airlines' cost-cutting is partly a response to efforts by European, North American and Australian carriers intent on gaining greater access to Asia and the Pacific, one of the fastest-growing regions in the world; but competition from other Asian carriers is an even bigger factor in their drive.

Despite cuts in aircraft orders, however, Zeyang Koo, a regional airlines analyst in the Hong Kong office of CS First Boston, said he expected excess capacity and "fare wars" to continue as carriers battled to maintain market share.

Singapore Airlines, the region's premier international airline, is the only major carrier in Southeast Asia that has not announced cuts or delays in aircraft orders.

Despite its relatively new fleet — its 60 aircraft have an average age of only five years — the company has firm orders for 31 Boeing and Airbus planes over the next decade and has options to buy 28 more.

Some analysts warn, however, that its aggressive expansion could hold down its earnings growth.

Eisha Cheng, Asian airlines analyst in the Hong Kong office of Lehman Brothers, said SIA's policy of putting planes into service soon to be ready for an upturn might be less profitable than trying to secure some additional rights to high-traffic routes.

"This is where we are worried that SIA will have a problem giving its competitors' fear of SIA's success," she said. "If competing airlines are not interested in flying to or adding frequencies to Singapore, it will be difficult for SIA to expand in the profitable routes."

Among other regional carriers, Philippine Airlines, which is negotiating with Airbus to delay delivery of six A340-200s scheduled to start arriving in early 1994, said in July that it would cut operations in Europe to concentrate on the Asia-Pacific market.

The Indonesian government, citing a general slowdown in the airline industry and the need to hold down the country's debt, has slashed a plan by the state-owned carrier Garuda, to buy 48 wide-bodied Boeing and Airbus jets valued at about \$4 billion.

Canada has been authorized by the Finance Ministry to spend no more than \$550 million on leasing or buying aircraft.

Zain Azrai, chairman of Malaysian Airline System, said in August that the company would rearrange capacity, cut its domestic flights, freeze hiring, remove surplus aircraft and defer deliveries of some planes.

However, a program to modernize and standardize the MAS fleet by selling or leasing old aircraft while acquiring new ones remains basically intact.

ECONOMIC SCENE

Nobel Winner Advances His Field by Looking Back

By Peter Passell
New York Times Service
NEW YORK — Open just about any college history text, and you'll find it full of economics. Hardly anyone these days would write about, say, the decline of Spain in the 17th century without paying obeisance to economic causes. But try the converse experiment with most introductory economics texts, and you might be left with the idea that the world was created somewhere around 1950.

Movers and shakers in economics, it seems, just aren't accustomed to pondering the past. That is why many economic historians find the Nobel Memorial Prize in economics awarded to Robert Fogel of the University of Chicago a double pleasure.

Not only do they respect Mr. Fogel for his achievements — "Fogel has always been in the thick of things," said Gavin Wright of Stanford University. They also see the prize as a sign that economic history now has as great a claim to status in the profession as a dozen other specialties.

Mr. Fogel is better-known for what he was not than for what he is. As the co-author of the best-selling "Time on the Cross" (Little Brown, 1974), he infuriated some social commentators with what was widely viewed as an apology for slavery in the United States before the Civil War.

But Claudia Goldin, an economist at Harvard and a former student of Mr. Fogel's, says many of the critics "never opened the book." If they had, she says, they would have discovered a startling, but hardly racist, thesis.

Southern plantations, Mr. Fogel and his co-author, Stanley Engerman of the University of Rochester, argued, were one-third more efficient than the small family farms of the North. What's more, they said, plantation owners had the financial means, and were typically smart enough businessmen, to "maintain" their slaves at living standards close to those of free Northern workers.

Hence, slavery was not doomed as a method of organizing labor. Indeed, the only way to rid the nation of this "peculiar institution" was to challenge it on grounds of morality.

Why, then, the tempest? Greater "efficiency" means more output for a given quantity of inputs. In this case, though, it is unclear whether a unit of slave labor was equal to a unit of free labor.

Many economic historians now say that plantations were more efficient only in the sense that they drove their workers harder — an

See NOBEL, Page 13

Lourho Ends Long Dispute With Fayeds

London — Roland (Tiny) Rowland and the Fayeds brothers on Friday ended their long-running legal disputes and said they would seek the dismissal of any pending litigation between them.

"Mohammed Al Fayed on behalf of House of Fraser and Tiny Rowland on behalf of Lourho have concluded that their longstanding relationship provides a stronger basis for a constructive future than disagreement over the acquisition of the House of Fraser by the Fayeds," they said.

In 1991 Lourho won permission to proceed with a damages suit against the Fayeds over the fight for the House of Fraser group and its flagship store, Harrods, for which the Egyptian brothers paid \$615 million (\$912 million) in 1985.

For Billable Hour, Time's Up

By Margot Slade
New York Times Service
NEW YORK — It is the bedrock of the lawyer-client relationship: the billable hour, that chunk of time-on-legal-tasks for which many lawyers have unthinkingly charged and most clients have unthinkingly paid.

But now the ground is shifting in response to increased competition among law firms and to diminished revenue among law firms and clients alike.

And that shift, particularly in corporate law, has begun to hurry the hourly rate in a welter of cost-cutting alternative billing schemes. In some cases, firms are even being forced to bid for corporate business.

"Clients are talking about fixed fees, capped fees, fee estimates, contingent fees and discounts," said Blaine R. Prescott, a partner with Hildebrandt, a management consulting company based in Somerville, New Jersey. "They want to see a budget, something that will give them a better idea in advance of what a law firm's services will cost. They want to discuss that budget and how it was developed."

Given a glut of lawyers and a dearth of clients, Mr. Prescott said, "Clients are getting what they want."

Others who monitor the legal profession agree, including Richard C. Reed, chairman of the alternative billing task force for the American Bar Association's law practice management section. He said he has seen evidence of "law firms increasingly moving to alternative billing approaches at clients' request."

Those alternatives are a central element of an accelerating revolution in the way the nation's law firms do business.

Industry analysts say it is a cultural revolution that puts a premium on serving clients, not racking up hours, and on producing quality work, as clients define it; work that places an emphasis on timely performance, efficiency, risk-sharing between the firm and its clients, and the firm's willingness to discuss how cost estimates were arrived at.

Although the revolution is being powered by the muscle of corporations, those Goliaths of law firm clientele, some benefits are trickling down to David as well.

To clients, the sea change promises value for money. To law firms, it underscores efficiency as a requisite of long-term client relationships. And to individual lawyers within those firms, it brings a shift in performance standards.

In firms that embrace the new approach, partners are rewarded for their marketing and management abilities, "especially for their talent in pricing legal services and supervising legal projects," said Ward Bower, a principal at Altman Weil Pensa, a Philadelphia-based legal management consulting firm.

And associates, he said, are "judged on how effectively and efficiently they serve clients, as against how many hours they record."

The "down side," Mr. Bower said, is that as law firms turn leaner, they will need fewer lawyers.

"Our object is to procure the right quality of legal services in the most cost-effective way," said David Grimes, vice president and director of administration in the legal department of the Bank of America.

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Herald Tribune.

NOTICE OF INTERNATIONAL PUBLIC BID No. 3

ARGENTINE REPUBLIC
PROVINCE OF SANTE FE

MINISTRY OF FINANCE
Financial Improvements and Economic Development Program of the Argentine Provinces

PROVINCIAL EXECUTION DEPARTMENT WORK EXECUTION
Repeating of provincial road No. 13
(Sastre-Carles Pellegrini street)
Opening of Tenders: December 1st, 1993 at 11 a.m.
at the Salon Bards of the Government House, UEP-DVP
2651 3 de Febrero St. 1st Floor, Province of Santa Fe.

1. This province has received a loan from the Banco Interamericano de Desarrollo through a Subrogation Contract with the national government - Loan Covenant BID No. 618/OC-AR, to contribute to pay for the Provincial Financial Improvements Program. The province will use part of these funds to make payments in accordance with that agreed upon in the contract referred to in the present Notice.

2. Works will consist of the repaving and improvement of the structural design of the basis of 30,950 km, and also the repair of surface potholes with an average thickness of 0.15 m, in 10.3% of total length of the stretch, which will be carried out with stabilized granular cement. It will also be used as the base on which a layer of hot asphaltic concrete of 0.07 m thick and 7.10 m wide will be placed. This project will, in the term of five years, be carrying out repaving works with 0.05 m of hot asphaltic concrete. It will also include the execution of lay-bys and taluses.

3. The Province invites those companies of countries members of the Banco Interamericano de Desarrollo (BID) interested in participating in this bid to submit their tenders in two envelopes (1. Prequalification Documents - 2. Tender).

4. Bidding Proposals may be inspected and purchased, and additional information obtained at the Offices of the UEP-DVP 2651 Santa Fe, Municipal House, 9th Floor (3000) Province of Santa Fe. Fax-tel: 54 42 37860. Argentine Republic.

5. The official budget is \$ 7,226,100.

6. Term of execution: 15 months.

7. Bidding Proposals will cost \$ 4,500. This sum in cash will have to be deposited in account No. 1537702 of the Banco de Santa Fe S.A. Bidding Proposals can be purchased until five (5) business days before the opening of tenders.

8. Tenders will be delivered at the reception of the MOSPvV, Government House, 2651, 3 de Febrero St., 1st Floor (3000) Province of Santa Fe, Argentine Republic, until the date and time stipulated for the opening of tenders.

CURRENCY & INTEREST RATES

Eurocurrency Deposits									
	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yes	ECU		
1 month	3 1/2-3 3/4	4 1/4-4 1/2	4 1/4-4 1/2	5 1/2-5 3/4	6 1/4-6 1/2	2 1/2-2 3/4	7 1/4-7 3/4		
3 months	3 3/4-3 7/8	4 1/2-4 3/4	4 1/2-4 3/4	5 3/4-5 7/8	6 1/2-6 3/4	2 3/4-2 7/8	7 3/4-7 7/8		
6 months	3 7/8-4 1/8	4 3/4-4 5/8	4 3/4-4 5/8	5 7/8-6 1/8	6 3/4-6 5/8	3 1/4-3 5/8	8 1/4-8 5/8		
1 year	4 1/8-4 3/8	4 5/8-5 1/8	4 5/8-5 1/8	6 1/8-6 3/8	6 5/8-7 1/8	3 5/8-4 1/8	8 5/8-9 1/8		

Key Money Rates									
	United States	Close	Prev.	Britain	Close	Prev.	Germany	Close	Prev.
Discount rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Call money	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
1-month interest	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
3-month interest	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
6-month interest	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4
1-year interest	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4	7 1/4

Other Dollar Values									
	Per \$	Per 100	Per 1000	Per 10000	Per 100000	Per 1000000	Per 10000000	Per 100000000	Per 1000000000
Canada	70.8	70.8	70.8	70.8	70.8	70.8	70.8	70.8	70.8
France	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5	166.5
Germany	193.6	193.6	193.6	193.6	193.6	193.6	193.6	193.6	193.6
Japan	147.9	147.9	147.9	147.9	147.9	147.9	147.9	147.9	147.9
UK	163.3	163.3	163.3	163.3	163.3	163.3	163.3	163.3	163.3

Forward Rates									
	30-day	60-day	90-day	180-day	360-day	180-day	360-day	180-day	360-day
Canada	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471
France	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471
Germany	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471
Japan	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471
UK	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471	1.471

Japan Denies Reports Of Mexican Trade Pact

By Steven Brull
International Herald Tribune
TOKYO — Japanese officials on Friday discounted comments by the Clinton administration suggesting that if the North American Free Trade Agreement is rejected by Congress, Mexico and Japan might enter into a preferential trade accord.

"If NAFTA fails, Mexico may have to think about the alternatives," one official said. "But the issue is not on the table and Japan has not given it any consideration."

Echoing a theme introduced by the U.S. administration this week, the deputy secretary of the Treasury, Roger C. Altman, on Thursday warned against a backlash in Mexico if Congress rejected NAFTA.

"One could readily imagine a backlash if NAFTA does not pass," and that could prompt Mexico to negotiate favored-nation agreements with Japan and European countries, Mr. Altman said in response to questions at the Japan Society in New York.

He suggested Mexico might relax local-content and other restrictions to invite Japanese investment in manufacturing. Products could then be exported to the United States.

The Japanese official said Tokyo would like Mexico to lower its local-content ratios on manufacturing and relax a requirement that Japanese exports to the country be balanced by exports from Japanese-owned plants in Mexico. These restrictions will be removed if NAFTA is ratified, he noted.

For Pub Operator, a Vintage Year Wetherspoon's Profit Has Doubled Since Share Float

Bloomberg Business News
LONDON — Tim Martin likes traditional English pubs so much he just can't stop buying them.

He bought his first in 1979, when he was a newly qualified 24-year-old lawyer. He now owns 44 drinking establishments — 20 of them acquired in the last year alone — and he plans to buy 23 more before the end of 1994.

Mr. Martin is chairman of J.D. Wetherspoon, Britain's fastest-growing chain of pubs. The company is both a symbol and a beneficiary of a revolution in the British beverage industry that began in the late 1980s and reached a crescendo a year ago when Wetherspoon went public.

To try to reduce the control over the beer industry held by a half-dozen large brewers, the U.K. government ordered them to divest themselves last year of some of their pub holdings. Coming when health concerns and rising prices were already steering people away from alcoholic refreshment, the mandate, which took effect in November 1992, altered the makeup of the pub business.

Some large brewers, such as Courage Ltd., got out of the business entirely to concentrate on brewing. Some regional brewers chose to go the other way and concentrate on operating taverns. And more than a score of independent companies with no experience on either side of the business decided to try their hand at running the pubs as well.

Wetherspoon, whose shares began trading a year ago Friday, has been among the most successful of the neophytes. In the past year, the company's pretax profit doubled from the year before, to £4.2 million (\$6.2 million). Its shares, which were priced at 160 pence in their initial offering, were trading at 349 pence Friday.

"I'm positive about the company," Nigel Popham, a beverage analyst at Teather & Greenwood, said. "It's in a sustained period of growth in pretax profits and earnings. It's expanding its number of outlets on a year-by-year basis, and it looks pretty promising."

Almost all the pubs in Wetherspoon's burgeoning chain are in and around London, where Mr. Martin began his business.

"They say everyone knows two businesses in life — your own, and how to run a pub," Mr. Martin said. "So I sold my flat, got a

'They say everyone knows two businesses in life — your own, and how to run a pub.'

Tim Martin, chairman of Wetherspoon, Britain's fastest-growing chain of pubs.

bank loan, bought my first pub and lived in rooms above it."

Four years later, he sold that one and bought a larger pub. Gradually he drew up an acquisitions policy, learned to spot good locations — a vital skill, he says — and prepared to push planning and licensing applications through the courts, a costly but necessary procedure that requires a publican to invest in projects that might never come to life.

Mr. Martin's legal background clearly helped. Only two of Wetherspoon's 14 planning applications have failed to win legal

approval, and all the company's liquor-licensing applications have been approved.

In its quest for the best locations, Wetherspoon has turned used-car showrooms, Woolworth's stores, supermarkets, a movie theater and a bakery into pubs.

"Locating in the right spots in busy inner-city areas or large suburbs has been crucial," Mr. Martin said. "Plus, we've built up a method of running pubs which is different and better, and with our own management structure. We have honed a retail formula."

Wetherspoon has its own training program. It prefers to hire inexperienced personnel and teach them rather than recruit bartenders and other employees from the big chains. Mr. Martin's pubs also charge less for beer than do many of their competitors — on some beers, as much as 20 pence a pint less — yet still turn a profit.

Mr. Martin is actually a second-generation professional in the business, though. His father worked for Guinness PLC and set up the giant brewer's marketing operation in New Zealand, and that was where he encountered the name he was to give to his company.

"Wetherspoon was the name of one of my teachers when I was at school in New Zealand," he said. "He was a nice guy, but he just couldn't control a class of rowdy pupils."

Why did he end up choosing the old teacher's name? "He seemed the most unlikely guy to run a pub, so I thought why not?"

But Mr. Martin could not remember the teacher's first name, so he pulled the initials J.D. from the American television program "The Duke of Hazzard," whose protagonist went by the name of J.D. Hogg.

"I just thought it would be fun to call the company after these two," Mr. Martin said.

After 18 Months, Britain's Recovery Still Chugs Along

Compiled by Our Staff From Dispatches

LONDON — The British economy rounded out 18 months of tentative recovery with modest growth in the third quarter, the government announced Friday.

Gross domestic product, the total value of goods and services produced in the country, rose a preliminary 0.6 percent from the second quarter, and was up 2.0 percent from a year earlier, the Central Statistical Office said.

The rise, propelled by strong growth in the service sector, marked the sixth straight quarter of growth. GDP fell by 2.3 percent in 1991, and dropped by 0.4 percent in 1992 after hitting its trough in the first quarter of the year.

Since the beginning of the year, GDP has risen by 1.6 percent, with increases of 0.4 percent in the first quarter and 0.6 percent in the second three months of the year.

The Treasury said the figures put to rest any speculation that the recovery was slowing.

But while some analysts were cheered with the result, many remained cautious.

"We're clearly seeing some recovery," said Barry Scott, group economist at British Gas PLC.

But as far as we're concerned, this upturn remains weak and patchy," Ruth Lea, chief economist at Mitsubishi Bank in London, said.

"The GDP figures were O.K., and I

expect the economy to grow around 2.5 percent in 1994. But the risks from weak European demand should not be underestimated."

"This recovery won't be brilliant," she added.

Also worrisome to analysts was that growth in the quarter slowed slightly to 0.4 percent, from 0.5 percent in the second, when oil and energy production were included.

But Kevin Gardiner, economist at Warburg Securities in London, called the data wholly positive.

"I think people have tended to underestimate the rebound in the economy," he said. "Despite the slowdown in export growth, there is no reason GDP cannot expand by around 3.0 percent in 1994."

While many economists expect growth to be higher next year, they said further gains would hinge on lower interest rates and an increase in consumers' willingness to spend rather than save.

"None of these is guaranteed," the Treasury's panel independent advisers told the chancellor of the Exchequer, Kenneth Clarke, this week. The advisers said Mr. Clarke should cut rates again if he tries to curb the budget deficit with tax increases or spending cuts.

Mr. Scott said: "The worst thing we could do is not match other European rate cuts. We must keep cutting rates."

(Bloomberg, Reuters, AFP)

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	% Change
Frankfurt DAX	DAX	1,371.0	1,357.0	+1.03
London FTSE 100 Index	FTSE 100	3,952.57	3,939.18	+0.34
Paris CAC 40	CAC 40	2,065.77	2,034.68	+1.55
Amsterdam AEX	AEX	702.57	702.39	+0.26
Helsinki HEX	HEX	1,599.59	1,516.21	+5.88
Stockholm SMI	SMI	2,409.40	2,387.80	+0.94
Oslo OBX	OBX	3,199.00	3,188.30	+0.34
Madrid IBEX	IBEX	307.60	304.51	+1.01
Athens ASE	ASE	1,307.50	1,288.00	+1.52
Warsaw WIG	WIG	2,281.88	2,198.72	+3.83
Vienna VSE	VSE	1,684.88	1,685.80	-0.05
Zurich SMI	SMI	453.54	452.86	+0.15
Brussels BELX	BELX	819.28	808.00	+1.38

Very briefly:

- Fiat SpA will become part of the "hard core" of shareholders in the privatization of Rhône-Poulenc SA of France.
- Nokia Oyj swung to a pretax profit of 466 million Finnish markkaa (\$80 million) in the first eight months from a loss of 277 million markkaa.
- Thomson-CSF will cut its 1993 dividend because of losses at Credit Lyonnais in which Thomson has a 22 percent stake.
- Saab-Scania AB's Saab Aircraft unit said it plans to cut 500 jobs.

NOBEL: Economics Winner Blazes Unorthodox Trail Germany Moves to Lower Benefits for Unemployed

Continued from Page 11

interpretation that does not undermine the core implication that slavery was there to stay but does suggest that the language was unnecessarily provocative.

The storm over "Time on the Cross" has also had the unfortunate effect of obscuring Mr. Fogel's less controversial achievements. "Rural Roads and Economic Growth" (Johns Hopkins University Press, 1964), strongly influenced by the Nobel laureate Simon Kuznets, challenged the foundations of development economics.

Before the book, theorists from Joseph Schumpeter to Walter Rostow had asserted that the rise of single industries brought about the development of whole countries. But Mr. Fogel calculated that the leading candidate in the case of America — the railroads — was far from indispensable in the opening of the Great Plains.

Ms. Goldin points out, incidentally, that the indis-

pensability theme is as relevant today as it was in the 1960s. The Clinton administration is now making the case for subsidizing high technology as the solution to America's productivity woes.

Quite possibly, though, Mr. Fogel's most enduring research will be his effort to measure changes in living standards over long periods. Certainly it shows him at his most versatile.

Wearing his administrator's hat, he is coordinating the most ambitious project ever attempted in economic history, one involving dozens of researchers and millions of dollars.

And wearing his interdisciplinary researcher's hat, he is going where no economist has gone before. Among the tentative findings: In Europe of the early 18th century, malnutrition was such a serious drag on productivity that roughly one-fifth of the adult population did not have the caloric intake to work.

Just where the project will end is unclear. But Mr. Fogel is already up to his old tricks of knocking received wisdom off its moorings: It is plausible, he suggests, that the average American's rise in living standards from the early 1830s until World War II was almost fully offset by the detrimental health effects of urbanization, industrialization and immigration.

Reuters

BONN — The lower house of the German legislature approved spending cuts Friday that would reduce unemployment benefits by up to three percentage points starting next year.

The cuts, which come in the face of record budget deficits, are intended to save 21.4 billion Deutsche marks (\$13 billion) in 1994 and more in following years.

The move came as the Federal Statistics Office reported that West German producer prices, continuing a five-month decline, in September recorded their steepest year-on-year fall since 1987. Prices at the wholesale level fell 0.2 percent, and were down 0.5 percent from a year ago.

Finance Minister Theo Waigel

told the Bundestag that the benefits cuts were needed to keep the deficit from soaring to 100 billion DM next year. He said he expected a record budget deficit of 67.5 billion DM in 1994.

The opposition Social Democrats have threatened to block the benefits cuts in the upper house of the legislature, the Bundesrat, which they control. But 90 percent of the measures, including the cuts in unemployment payments, do not require Bundesrat approval.

Under the package, the initial unemployment benefit for people without children will be cut to 60 percent of their last salary, from the previous 63 percent. For those with children, the benefit would fall to 67 percent, from 68.

Nedlloyd Offers Drilling Unit

Compiled by Our Staff From Dispatches

AMSTERDAM — Royal Nedlloyd Groep NV, the shipping and transport company, said Friday it would restructure the ownership of its offshore drilling unit, Neddrill BV.

It said the company was looking at alternatives, including a "full or partial sale, a joint venture or a listing on an international exchange."

Nedlloyd shares, suspended until mid-afternoon pending the announcement, dropped 1 guilder to close at 52.60 guilders (\$28). The stock has risen more than 30 percent since Oct. 1.

(Bloomberg, AFX)

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
12.00	10.00	IBM	2.00	4.00	15.00	120.00	110.00	115.00
10.00	8.00	Microsoft	0.00	0.00	20.00	100.00	80.00	90.00
8.00	6.00	Apple	0.00	0.00	15.00	80.00	60.00	70.00
6.00	4.00	Oracle	0.00	0.00	10.00	60.00	40.00	50.00
4.00	2.00	Amazon	0.00	0.00	5.00	40.00	20.00	30.00
2.00	1.00	Google	0.00	0.00	3.00	20.00	10.00	15.00

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
15.00	12.00	AT&T	0.50	3.00	12.00	150.00	130.00	140.00
12.00	10.00	Verizon	0.40	2.50	10.00	120.00	100.00	110.00
10.00	8.00	Qwest	0.30	2.00	8.00	100.00	80.00	90.00
8.00	6.00	Sprint	0.20	1.50	6.00	80.00	60.00	70.00
6.00	4.00	Time Warner	0.10	1.00	4.00	60.00	40.00	50.00
4.00	2.00	Comcast	0.05	0.50	2.00	40.00	20.00	30.00

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
20.00	18.00	Alcoa	0.50	3.00	10.00	200.00	180.00	190.00
18.00	16.00	Aluminum	0.40	2.50	8.00	180.00	160.00	170.00
16.00	14.00	Steel	0.30	2.00	6.00	160.00	140.00	150.00
14.00	12.00	Energy	0.20	1.50	4.00	140.00	120.00	130.00
12.00	10.00	Chemicals	0.10	1.00	3.00	120.00	100.00	110.00
10.00	8.00	Pharmaceuticals	0.05	0.50	2.00	100.00	80.00	90.00

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
15.00	13.00	Johnson & Johnson	0.50	3.00	12.00	150.00	130.00	140.00
13.00	11.00	Pfizer	0.40	2.50	10.00	130.00	110.00	120.00
11.00	9.00	Merck	0.30	2.00	8.00	110.00	90.00	100.00
9.00	7.00	Roche	0.20	1.50	6.00	90.00	70.00	80.00
7.00	5.00	Novartis	0.10	1.00	4.00	70.00	50.00	60.00
5.00	3.00	Amgen	0.05	0.50	2.00	50.00	30.00	40.00

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
12.00	10.00	Boeing	0.50	3.00	10.00	120.00	100.00	110.00
10.00	8.00	Lockheed	0.40	2.50	8.00	100.00	80.00	90.00
8.00	6.00	Northrop	0.30	2.00	6.00	80.00	60.00	70.00
6.00	4.00	Raytheon	0.20	1.50	4.00	60.00	40.00	50.00
4.00	2.00	General Dynamics	0.10	1.00	3.00	40.00	20.00	30.00
2.00	1.00	Boeing Defense	0.05	0.50	2.00	20.00	10.00	15.00

12-Month High	Low	Stock	Div	Yld	PE	52-Week High	Low	Latest Close
10.00	8.00	General Electric	0.50	3.00	10.00	100.00	80.00	90.00
8.00	6.00	Westinghouse	0.40	2.50	8.00	80.00	60.00	70.00
6.00	4.00	Lockheed Martin	0.30	2.00	6.00	60.00	40.00	50.00
4.00	2.00	Raytheon	0.20	1.50	4.00	40.00	20.00	30.00
2.00	1.00	Boeing	0.10	1.00	3.00	20.00	10.00	15.00
1.00	0.50	Boeing	0.05	0.50	2.00	10.00	5.00	7.50

NYSE

Table with columns: 15 Month High, Low, Stock, Div, Yld, PE, High, Low, Last, Open, Close. Includes NYSE Friday's Closing and various stock listings.

Table with columns: 15 Month High, Low, Stock, Div, Yld, PE, High, Low, Last, Open, Close. Continuation of NYSE listings.

Table with columns: 15 Month High, Low, Stock, Div, Yld, PE, High, Low, Last, Open, Close. Continuation of NYSE listings.

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INTERNATIONAL FUNDS

Oct. 22, 1993

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Seoul Finds Honesty Makes Uncomfortable Policy

By Paul Blustein
Washington Post Service

SEOUL — When corruption is as deeply embedded in a country's political and economic system as it is in South Korea, rooting it out can disrupt the economy.

Two months ago, Kim Young Sam, the reform-minded president, struck a blow for what he calls "economic justice" by banning the use of false names to hide the ownership of bank accounts and stock portfolios.

The system allowed the moneyed elite to easily transfer huge sums without detection, enabling them to engage in bribery, tax evasion and stock manipulation.

But now South Korea is facing the reality that economic justice has a price. Mr. Kim's war on corruption is sapping the economy's vitality, at least temporarily.

"In Korea we have a saying: Good medicine always produces bad side effects," said Yun Yoo Jin, an economist at Daewoo Kyungse, Seoul's leading financial daily.

Earlier this month, the government projected that the economy would not snap back from last year's slowdown, largely because of the real-name system now in force.

The government's think tank lowered its forecast of growth for this year from 6 percent to 4.5 percent, a big comedown for a country that grew at an average annual pace of nearly 10 percent over the prior decade.

One reason the new policy is holding back the recovery is that a big chunk of the economy — in particular small and medium-sized businesses — had come to depend for financing on the money deposited

in phony-name accounts, which are estimated to contain tens of billions of dollars.

In the alleys of Myeongdong, an area near Seoul's city hall, money lenders traditionally have served as an important source of funds for small companies by leading cash obtained from anonymous account holders. But such "curb markets" have shrunk significantly since the Aug. 12 decree.

Another reason is that government tax investigations, which is dampening the desire of consumers and businesses to spend.

The real-name system is Mr. Kim's boldest move to date in a campaign to rid South Korea of the payoffs to public servants that grease the wheels of commerce in this heavily regulated economy.

Since he came to office last February as the nation's first civilian president in three

decades, his administration has proven zealous in purging and prosecuting generals and politicians whose wealth grew suspiciously large during the era of military rule. Critics note, however, that the targets of the anti-corruption drive have tended to come from rival party factions.

The importance of false-name accounts to the economy stems in part from South Korea's state-controlled financial system.

Since the 1960s, the government has used its power over banks to ensure that scarce credit is funneled into the development of export-oriented conglomerates such as Hyundai, Daewoo and Samsung.

The arrangement "betrays the spirit of punishing those who have benefited illicitly in the past," said Steve Marvin, director of research in the Seoul office of Jardine Fleming Securities.

As a result, small companies have turned to the curb markets.

Anticipating that the abolition of false-name accounts could trigger bankruptcies among small businesses, the government has provided emergency working-capital loans to companies teetering on the brink.

In addition, the government recently offered holders of false-name accounts the option of using their funds to buy low-interest government bonds — quickly dubbed "amnesty bonds" — with the promise that purchasers will not be asked where the money came from.

The arrangement "betrays the spirit of punishing those who have benefited illicitly in the past," said Steve Marvin, director of research in the Seoul office of Jardine Fleming Securities.

Talks on Indonesia-BaE Deal in Final Stages

By Reuters

JAKARTA — The Indonesian state-run airline manufacturer, IPTN, is in the final stages of talks with British Aerospace PLC on planned cooperation in aircraft marketing, a top government official said Friday.

Research and Technology Minister Jusuf Habibie said: "We plan to form a joint venture with BAe, especially on the marketing of IPTN's N-250."

The N-250 is a 70-seat medium-haul turboprop commuter plane due to enter the market in 1996. It is costing about \$240 million to develop.

Industri Pesawat Terbang Nusantara said it had a total of 167 orders and options for the aircraft, including 65 from an Indonesian domestic airline, Merpati Nusantara.

Mr. Habibie, who also is president-director of IPTN, declined to speculate on further possible cooperation with BAe if the British aircraft maker's talks with Taiwan on a joint-venture deal collapse.

That proposal, to make 75- to 115-seat regional passenger jets assembled in Britain and Taiwan, has run into financial problems.

The minister noted that IPTN "already has long-term relations with BAe" on the Hawk fighter-trainer. He was referring to a deal

signed in June for 24 Hawks for the Indonesian Air Force.

IPTN, formed in 1976, has had some success with previous aircraft, including the 35-to-44-seat multipurpose CN-235 commuter plane built under a joint venture with Construcciones Aeronauticas SA of Spain.

IPTN also produces, under license, French-designed Puma helicopters and Bell 412 helicopters from Canada.

At Tokyo Car Show, Chrysler's Neon Is a Big No-Show

By Andrew Pollack
New York Times Service

TOKYO — As the United States presented demands this past week for Japan to open its market to foreign automobiles, the American car considered to have one of the best chances of succeeding here was conspicuously absent from the Tokyo Motor Show.

Chrysler Corp. is not exhibiting its Neon, a new subcompact intended to compete in the home market with small Japanese cars, because the company has no immediate plans to sell the model in Japan.

That plays to Japanese arguments that American carmakers have only themselves to blame for failing to sell more cars here. Still, the Big Three U.S. car companies have been making a stronger push in Japan and achieving sales gains, helped by a rise of the yen that has allowed them to lower prices.

This week, as the Neon was becoming the most talked-about product not at the show, Chrysler officials said they did plan to sell the car in Japan eventually, but still had not decided when.

As Japan's premier auto show opened at midweek, U.S. and Japanese negotiators began discussions in Tokyo on ways to increase sales of U.S. and other non-Japanese cars and car parts in Japan.

Japan has argued that Detroit does not offer the small, inexpensive cars that Japanese consumers prefer. About 80 percent of the Japanese market is for cars with engine displacement of 2 liters or less, yet the Big Three offer no cars in this category in Japan.

The Neon has a 2-liter engine and would thus be a mainstream product here.

In remarks to reporters, Robert A. Lutz, president and chief operating officer of Chrysler, defended the company's strategy, asking what could be wrong with compet-

Investor's Asia			
Index	1993	1992	% Change
Hong Kong Hang Seng	10,000	10,000	0.00
Singapore Straits Times	2,000	2,000	0.00
Tokyo Nikkei 225	20,000	20,000	0.00
Exchange Index	100	100	0.00
Hong Kong Hang Seng	8,719.32	8,882.68	-1.84
Singapore Straits Times	2,090.88	2,104.29	-0.67
Sydney All Ordinaries	2,061.40	2,060.40	+0.05
Tokyo Nikkei 225	20,264.80	20,178.40	+0.42
Kuala Lumpur Composite	934.11	937.08	-0.32
Bangkok SET	1,149.54	1,153.32	-0.33
Seoul Composite Stock	738.99	741.10	-0.55
Taipei Weighted Price	4,052.38	3,967.10	+2.15
Manila Composite	2,256.99	2,247.48	+0.87
Jakarta Stock Index	466.22	460.02	+1.35
New Zealand NZSE-40	2,098.11	2,087.41	+0.51
Bombay National Index	1,306.40	1,319.20	-0.97

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	1993	1992	% Change
United States			
Air Products & Chem.			
Revenue	2,128	2,000	+6.4
Net Inc.	123	102	+20.6
Per Share	1.27	1.06	+20.0
Dividend	0.75	0.75	0.0
Market	101.42	71.78	+41.3
Per Share	1.00	0.85	+17.6
o. Loss			
Allstate			
Revenue	1,992	1,992	0.0
Net Inc.	323	323	0.0
Per Share	3.23	3.23	0.0
Dividend	1.61	1.61	0.0
Market	144.45	152.76	-5.4
Per Share	1.44	1.53	-6.5
o. Loss			
Amer. Cyanamid			
Revenue	992	992	0.0
Net Inc.	47	47	0.0
Per Share	0.47	0.47	0.0
Dividend	0.23	0.23	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Amer. General			
Revenue	1,188	1,188	0.0
Net Inc.	118	118	0.0
Per Share	1.18	1.18	0.0
Dividend	0.59	0.59	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
AT & T			
Revenue	14,611	14,611	0.0
Net Inc.	1,461	1,461	0.0
Per Share	14.61	14.61	0.0
Dividend	7.30	7.30	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Coca-Cola			
Revenue	1,222	1,222	0.0
Net Inc.	122	122	0.0
Per Share	1.22	1.22	0.0
Dividend	0.61	0.61	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Colgate-Palmolive			
Revenue	1,222	1,222	0.0
Net Inc.	122	122	0.0
Per Share	1.22	1.22	0.0
Dividend	0.61	0.61	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Amoco			
Revenue	7,222	7,222	0.0
Net Inc.	722	722	0.0
Per Share	7.22	7.22	0.0
Dividend	3.61	3.61	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			

Company	1993	1992	% Change
Commins Engine			
Revenue	948	948	0.0
Net Inc.	94	94	0.0
Per Share	0.94	0.94	0.0
Dividend	0.47	0.47	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Kimberly-Clark			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Offin			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Search, Roebuck			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Southwestern Bell			
Revenue	2,242	2,242	0.0
Net Inc.	224	224	0.0
Per Share	2.24	2.24	0.0
Dividend	1.12	1.12	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Sun			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Sysco			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Texaco			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Textron			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
VF Corp.			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			

Company	1993	1992	% Change
McDonald's			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
McL Communications			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Mobli			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Schering-Plough			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			

Company	1993	1992	% Change
Sanofi-Sintabo			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			
Schering-Plough			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			

Company	1993	1992	% Change
Schering-Plough			
Revenue	1,171	1,171	0.0
Net Inc.	117	117	0.0
Per Share	1.17	1.17	0.0
Dividend	0.58	0.58	0.0
Market	101.42	71.78	+41.3
Per Share	1.01	0.72	+39.4
o. Loss			

Company	1993	1992	% Change
Schering-Plough			
Revenue	1,171	1,171	0.0
Net Inc.	1		

MONEY

FIRST COLUMN

Remember Keynes's Aphorism?

There is a popularly misquoted aphorism of the economist John Maynard Keynes that in the long run everyone is dead. When it comes to the turning of epigrams, Keynes was hardly in Wilde's class. And this, unfortunately, was not one of his best.

Consider the opposite case, namely the intense debate over the short-term future of stocks and bonds. Concern is so widespread that people who know even less about finance than those who make a living from selling securities are worried.

This is a good thing (in the short term). It's a simple, unfortunate truth that the markets just don't fall when intelligent, moderately well-informed people can find no rational basis for the prices attained and express their legitimate concerns. It's when the those miraculous prices take on the appearance of being a self-sustaining fact of life that the sky suddenly falls down.

This column expects a sharp correction in equity and bond prices at some point. But the level of popular concern now being expressed is such a positive factor — perhaps because it keeps the professionals so occupied explaining it that they haven't time to look down — that the short term looks good.

So much for gut feeling and psychology. Readers who have followed our commentary on the bond and currency markets over the last three years will draw their own conclusions as to the value of such advice. But there is a serious point concerning the long term.

Long-term saving into the equity and bond markets is an excellent way to beat inflation, and one of the few reliable ways to build capital. Even if the markets plummet next week, regular saving is to be encouraged as a long-term plan. And that holds good, despite what Keynes really said in his *Treatise on Monetary Reform*: "Long run is a misleading guide to current affairs. In the long run we are all dead."

M.B.

European Airlines: Not Many High Fliers

By Aline Sullivan

It has not been the best week for European airlines. First, Paris airports were shut down by Air France workers protesting plans for massive job cutbacks. Then, British Airways PLC was slapped with a \$325 million antitrust suit by Virgin Atlantic Airways Ltd.

Many industry analysts, moreover, say that the week's events are not isolated, but symptoms which point to a more general diagnosis: Europe's airlines are in trouble. The message to investors from the financial markets is short and depressing: Flag carriers of a number of countries face extinction within a few years unless they cut costs and expand their networks through alliances. Investors should concentrate on only the few gems in this sector and sell their other holdings.

European airlines have had losses totaling \$700 million over the past three years, thanks to economic recession and heightened competition. But recent losses are not their only problem. The EC "open skies" liberalization program started in January, forcing many airlines to face up to a future without the cushion of state subsidies. Some are lobbying their governments and the EC in an attempt to fend off the inevitable. But time is fast running out.

The big exception may be British Airways, which has been a favorite of many market analysts. Earlier this year, BA bought 24.9 percent of USAir. That move could make it the only airline that already qualifies as a global player, one of the 10 or so groups expected by industry pundits to dominate the market over the next decades. The lawsuit filed Wednesday in New York which accuses BA of unfair and illegal practices to attract customers was played down on Friday by analysts, who said that short-term ramifications should be minimal.

"British Airways is the best play on economic recovery on both sides of the Atlantic," said Steven Dexter, aviation analyst at Kemper Investment Management in London. "The company is really benefiting from its earlier cost cutting. It is in the right place at the right time."

BA's low costs, about 60 percent those of other European airlines per passenger flown, mean that increases in passenger traffic have

more impact on the company's bottom line, said Mr. Dexter. "For most of the others, the benefits from economic recovery will get lost in the expense of their restructuring programs."

Peter Bergius, aviation analyst at Kleinwort Benson Securities in London, is also bullish on British Airways. "Passenger traffic is rising and BA is in the best position to take advantage of that," he said. "Also, there is clear evidence that premium traffic is coming back into BA's cabins." That means that business and first class passengers are returning after several years of selecting economy seats.

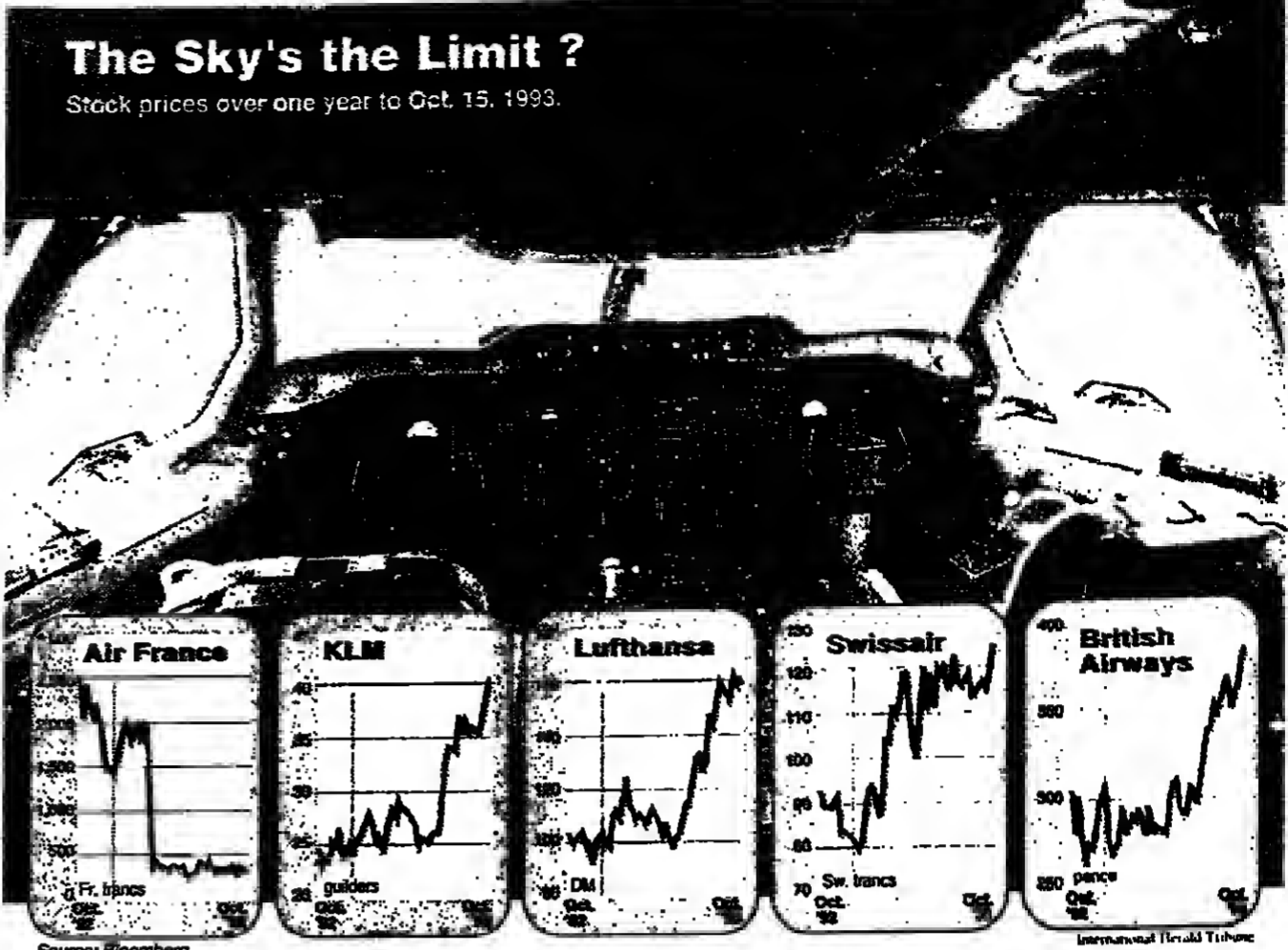
In trying to follow BA's example, several other European carriers are negotiating alliances. One possible contender, the four-way "Alcazar" alliance devised by Swissair, KLM Royal Dutch Airlines, Austrian Airlines and Scandinavian Airline Systems, the carrier owned by Denmark, Sweden and Norway, remains embryonic. Analysts are cautious about its chance of success.

"The deal is horrendously complicated," said Mark McVicker, transport analyst at Country NatWest Securities in London. "It is not often that four national companies, controlled by six governments, try to combine their operations. There is a very good chance it won't work."

The Alcazar alliance envisions a central management company in which the three major partners each own a 30 percent stake, leaving Austrian Airlines with 10 percent. Problems over valuing each airline's contribution and the recent wooing of Austrian Airlines by Germany's Lufthansa have made negotiations difficult.

KLM, with or without the Alcazar alliance, is the second choice among European aviation analysts. The Dutch carrier's 20 percent stake in Northwest Airlines of the United States provides it with a strong position in the crucial North Atlantic routes. Also, the company's recent restructuring has been very successful, enabling it to bring down costs in line with British Airways and the American carriers.

Lufthansa appeared until recently to be headed for extinction. Heavy losses and difficulties with its massive restructuring program made the company's chances of a successful privatization seem slim. But earlier this month, Lufthansa signed a partnership



Source: Bloomberg

agreement with the American carrier United Airlines.

Analysts' reactions have been mixed. Some believe the deal should help Lufthansa compete with British Airways and KLM on the North Atlantic routes and help the airline return to profit by 1994. Others are less enthusiastic, saying that Lufthansa needs to focus on its restructuring as well as form alliances.

Another possible partnership is between Air France and Alitalia, the Italian state airline. The two companies, both of which have recorded substantial losses of late, were rumored to be in talks earlier this month.

"Alitalia and Air France are simply not in the running now," said Mr. McVicker. "They will have to do something." Air France recently signed a cooperation pact with Continental Airlines, but, as Mr. McVicker pointed out, Continental is oper-

ating under Chapter 11 of U.S. bankruptcy laws and "is not exactly an aviation success story."

Europe's other national carriers — Sabena of Belgium, Ireland's Aer Lingus, Olympic of Greece, Iberia of Spain and TAP Air Portugal — are having a tough time. The EC's open skies program, which is gradually opening up their international and domestic routes to competition, has forced them to make massive cost cuts. But difficulties in negotiating with their work forces and a long term reliance on state subsidies have put their futures in jeopardy.

Several of these airlines, along with some of their bigger counterparts like Air France and Alitalia, are lobbying the European Commission to allow member governments to continue subsidies. They argue that the European aviation industry as a whole will deteriorate if exposed to a United States-

style deregulation and that most airlines need more time to prepare for privatization before they can compete in a liberalized market. These airlines currently spend twice what U.S. airlines spend per passenger.

The EC has appointed a "Committee of Wise Men" made up of 12 industry officials to investigate these arguments. The panel's report is scheduled to be presented to the European Commission at the end of this year.

Wise investors will reserve judgment on many of the industry alliances now being trumpeted, analysts said. Sir Michael Bishop, chairman of privately owned British Midland recently predicted "golden profits" for those airlines that survive until 1996. But that is a long way off and investors in all but the most successful airlines could shed a lot of tears before then.

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1988	\$32,434
1989	\$32,605
1990	\$37,253
1991	\$42,810
1992	\$44,539
1993	US\$49,815

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مكتبة الامم المتحدة

010

THE MONEY REPORT

BRIEFCASE

From Lehman Brothers, The Asian Dragon Portfolio

Lehman Brothers is targeting the developing Asian countries with its new offshore Asian Dragon Portfolio. The fund will buy shares in any or all of the East Asian markets, except Japan, but including China, Hong Kong, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand. The managers emphasize that the fund will concentrate on equities and avoid debt securities issued in those countries.

Shareholders will be able to buy or sell shares daily (some offshore funds permit transactions only at less regular intervals) and switch at no cost into any of the other 14 funds in Lehman Brothers' Global Investment Series.

There are two classes of shares open to retail investors, each with a different charging structure. Class A shares carry an initial charge of 5 percent on investments of less than \$50,000. The charge decreases to the point where anyone who wants to pop for \$10 million can get in free.

Holders of Class B shares pay when they get out. The charge will be 5 percent of net asset value for redemptions in the first year and will decrease until there is no charge for shares sold after five years.

Lehman hopes to raise \$35 million during an initial offering period that ends Nov. 18; this would make the fund medium-sized among Asian regional funds. Shares will continue to be sold after that date. The minimum purchase is \$25,000.

The fund is not open to American investors. Anyone else can get information by calling Lehman Brothers in London, at (44 71) 260-2975.



Halifax Building Society Launches Notice Account

The Halifax Building Society, the largest U.K. thrift institution, is offering international investors a new notice deposit account. Denominated in pounds, with a notice period of 90 days, the account is based in Jersey and pays interest free of withholding tax.

Interest rates climb according to the amount invested. Those depositing the minimum of £25,000 (\$37,500) receive annual interest of 6 percent. Deposits of £50,000 or more attract 6.4 percent in interest, and amounts of £100,000 or more earn 6.8 percent. Interest is paid annually or monthly, according to the investor's preference. Monthly payment rates are slightly lower than the annual figures.

One withdrawal of up to £5,000 is allowed each month without the investor's having to give notice or suffer loss of interest. Any further withdrawals in the space of that month are subject to 90 days' notice, or loss of interest.

For more information, write Halifax Building Society, Trinity Road, Halifax, West Yorkshire, U.K.; telephone Halifax (44 422 333-333); fax (44 422) 333-007/333-000.

KPMG Peat Marwick

Acquiring an Executive: You Get What You Pay For

If you want to get rich, pay someone to do it for you. Or to put it another way: High executive incentives produce the best share performances from the companies they manage. The message that shareholders must pay for what they get comes from a survey conducted by the international accounting and consultancy firm, KPMG Peat Marwick.

The study looks at the 100 biggest U.S. financial companies. The results show that the best-performing companies offered just 24 percent of a chief executive's package in base salary, compared to low-performing companies where base salary averaged out at 47 percent of total remuneration. Long-term incentives, at 39 percent, were the biggest part of the successful company's chief executive pay packet, with annual bonuses at 37 percent.

Barclays Bank Links Up With the CIRUS Network

Yet more linkage in the world of plastic access to cash. Barclays, a U.K. bank, has linked its 2,750 automated teller machines (ATMs) to the CIRUS network. Barclays, which was already part of the Visa network, now becomes part of the MasterCard/CIRUS system, which has 149,000 ATMs in 49 countries worldwide.

China and India: Focusing on Asia's Colossi

By Philip Crawford

THEY are the giants of tomorrow. That's the call of many emerging markets analysts on China and India. Why? Because the financial community sees plenty to admire in both countries: Both are colossal, and both have increasingly progressive attitudes toward free-market economies, which Western observers like and understand. Perhaps most important of all, regulators in China and India have finally decided to put out the welcome mat for foreign investors. Better-educated work forces and growing access to the latest trading and settlement technology also add to the appeal.

Two events in China this week — the first hostile corporate raid, which regulators appear to be leaving alone, and a report that the Communist government may soon reveal the level of the country's gold output — are just the latest indications that the world's most populous nation (1.2 billion people) is maturing as an international marketplace. And in India, government regulators this year have approved foreign ownership of domestic companies and allowed foreign institutions to invest directly in Bombay Stock Exchange-listed shares for the first time.

"The tremendous interest in the Chinese market is continuing, and a huge amount of money is pouring into it, especially from the United States," said Peter Jeffrey, managing director of Fund Research Ltd., an independent, London-based research firm that specializes in tracking emerging markets. "Many people see it as the largest potential market in the world."

Janet Chisholm, who follows India for the same firm, had equally optimistic things to say about that market. "The long term perspective is definitely bullish," she said. "The government is liberalizing its approach to foreign investment, and I think we'll see gradual, increasing asset allocation to India."

China is accessible to the individual investor through several avenues: the so-called "B" shares that are listed on China's two stock exchanges in Shanghai and Shenzhen; shares in Hong Kong-listed companies that conduct a significant proportion of their business in China; and shares in funds, which invest in both, as well as independently. The purchase of "B" shares by private investors, say international brokers who carry out such trades, appears to be gaining in popularity as confidence in the region grows and its trading procedures approach Western standards.

As of Nov. 1, trading on the Shenzhen exchange will be conducted at "T plus 1," and on the Shanghai exchange, at "T plus zero." These formulas mean that shares can be resold on the day after their initial purchase in Shenzhen, and on the day of purchase in Shanghai. These reforms should place China in line with established markets.

Best Performing China and India Funds

Performance over one year to Sept. 1, 1993. Values of \$100, income reinvested excluding charges.

Table with 2 columns: China Funds and India Funds. Lists various funds and their performance values.

Source: Micropal

International Herald Tribune

"The improved trading procedures should make the Chinese market more attractive to foreign investors, because they help to lower risk," said Susanna Lau, who follows the Chinese market for Baring Securities in Hong Kong. "People will know that they can get in and get out quickly. Another positive aspect is that Chinese markets are currently trading at attractive multiples — an average of about 14 times earnings on the Shanghai exchange, and about 12.5 times earnings on the Shenzhen."

There are 20 Shenzhen-listed companies and 13 Shanghai-listed companies currently offering "B" shares to foreign investors, and the two exchanges have approved a total of 35 new listings, eight of which are expected to offer

over the same period, according to Micropal, was Jardine Fleming's JF China Trust, an open-ended unit trust which returned 48.4 percent. The JF China Trust is not registered with the U.S. Securities and Exchange Commission, however, and is therefore not available to U.S. investors.

"The fundamentals of the Chinese market remain strong," said a spokesman for the Fleming Group. "We expect a bit of a speculative blowoff every now and then but, considering the bull market, regrouping and moving forward again after such an event should happen quickly."

India, much like China, is a huge population center (about 850 million people) which is

The fundamentals of the Chinese market remain strong. We expect a bit of a speculative blowoff every now and then but, considering the bull market, regrouping and moving forward again after such an event should happen quickly.

"B" shares in the coming months. The two exchanges have a combined market capital of about \$1.3 billion.

Among the Shanghai-listed companies whose "B" shares are currently rated "buy" at Baring, said Miss Lau, are Dezheng Taxi, Tyre & Rubber Co., and Erfangji, which makes textiles. On the Shenzhen exchange, China Bicycle Co., China Southern Glass, and the television maker Konka are recommended. These are common selections among analysts covering the Chinese market.

Investors can also choose from some 20-odd funds that concentrate on investing in China. One of two such Baring funds — the closed-end China & Eastern Investment Co., which was launched in 1985 — was rated fifth in performance for the year ended Sept. 1 by Micropal, which rates funds, returning 22.1 percent. The China & Eastern fund is traded on both the Hong Kong and London stock exchanges. The best-performing China fund

gradually opening itself up to international investors. And the money appears to be pouring in. According to a statement released by government regulators earlier this month, direct foreign investment in India totaled 11.22 billion rupees (\$358 million) in the first seven months of this year. A further 59 billion rupees in new foreign investment proposals were also approved as of Aug. 31. The total market capital of companies listed on the Bombay Stock Exchange is estimated at about \$72 billion.

"The general view on India is really very positive," said Miss Chisholm, of Fund Research Ltd. "The stock market is well-developed and the huge middle class population invests in it. The government is also really pushing the investment industry."

Shares in Indian companies are still inaccessible to foreign individuals wishing to purchase them on their own, however, leaving funds as

the chief means of exposure to the market. But that shouldn't discourage potential investors, say analysts, as some of the 10 or so India funds now available have turned in solid performances.

Morgan Stanley's India Magnum Fund, although down about 9 percent over the year ending Sept. 1, has returned over 30 percent in the three-year period ending on the same date, according to Micropal. Vinod Sethi, the fund's manager, said one of the keys to succeeding India is to accept some year-to-year volatility and to stay with the companies which look strong in the long term. He added that India is one of the few global markets to have undergone a significant correction in the recent past, a fact he said should make India more attractive than other emerging markets for which a correction may yet be in store.

"The market peaked in 1992 and has undergone a correction of around 50 percent since then," he said. "For the year ending in March 1994, I think we'll see significant increases in earnings, and still more growth in the following year. The important thing, however, will be stock selection. Liberalization means competition, and some blue-chip companies which are used to operating in a protected environment might not do so well."

Included in the Magnum fund's portfolio are companies such as VSNL, India's telecommunications monopoly, Telco, the country's leading truck maker, and HDFC, a housing-loan company.

"HDFC is one of the few companies in the world which can grow at any rate it wants to," said Mr. Sethi. "In a country of 850 million people, many of them homeless, housing is the ultimate growth industry."

The best-performing India fund over the past year has been Jardine Fleming's JF India Pacific Trust, an open-ended unit trust that has returned a hefty 108 percent in the year ended Oct. 11, according to Micropal. A spokesman for Jardine Fleming Investment Management in Hong Kong said the fund is heavily weighted in such "infrastructure" stocks as telecommunications and construction concerns. The JF India Pacific Trust, like the JF China Trust, is closed to U.S. investors.

Alongside all of the optimism, however, is there a downside to investing in China or India? Some analysts note that out all investors are willing to put up with such potentially high volatility. Others point out that China is hardly a bastion of political stability and that India has some way to go in providing accessibility.

The ultimate task appears to be weighing risks vs. possible rewards. "It all depends on your point of view," said Bruce Johnson, Baring Securities' head of global research. "To some investors, Japan is still exotic. Others are willing to put money into unlisted companies in Burma. But Western investors who are not getting growth in their home markets seem increasingly willing to take the plunge into places like China and India."

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THE MONEY REPORT

The Asian Market Emerges As the Kindest to Investors

By Conrad de Aenlle

ASIA has treated investors in emerging markets the most kindly over the last year. The region is targeted by 44 of the top 50 emerging market equity funds tracked by international fund monitoring firm, Micropal.

Hong Kong has been a good place to invest for quite a while. Of the 50 emerging market funds with the best five-year records, 18 target Hong Kong, including 13 of the top 26.

The problem, in the opinion of Eduardo Faria, one of the group's managers, is that expectations in Peru, which is a relatively young market for foreign investors, have finally caught up with corporate performance and have been fully factored into share prices.

"We were significantly underweighted in Mexico at the beginning of the year," he said. "We have been steadily increasing our exposure to the point where we're at the top of our range in Mexico. The third quarter was really a very positive quarter for our regional funds because of our Mexican exposure."

Six Mexican funds were among the best three-month performers and 10 other regional or country funds in Latin America made the list. Other countries well represented were Indonesia, Portugal, Thailand and, again, Malaysia. The best fund over three months, though, was the Jardine Fleming India Pacific fund, which gained 39 percent.

Looking back three years, Chile funds dominate the top of the list. There are five in the top 50, none worse than 11th place. The other market that produced a lot of winners was Hong Kong, with 21 funds, and the rest of Latin America, with seven.

Hong Kong's stock market has had a steady rise since 1989; that's why Hong Kong funds show up among the stronger performers no matter what time frame is used. It also helps that there are so many funds that have invested in the territory, first as a hotbed of capitalism, then as a gateway to China.

Chile is seen as having the most developed economy in Latin America; it is, for instance, the only major country in the region whose debt is rated investment grade. In one sense, though, it's a bit backward: The government restricts foreign investment.

"They have not opened up," said Jeremy Paulson-Ellis, chairman of Genesis Chile.

Leading Emerging Market Funds

Leading equity emerging market funds. Values of \$100, include reinvested, excluding charges.

Table with columns: Fund, Performance (Over three months to Sept. 1, 1993), Performance (Over one year to Sept. 1, 1993), Performance (Over three years to Sept. 1, 1993), Performance (Over five years to Sept. 1, 1993).

Source: Micropal

a gain of 240 percent, according to Micropal. A second Chile vehicle, the Toronto Trust Chile Fund, recorded the best performance in the last five years and was second over three years.

Chile is seen as having the most developed economy in Latin America; it is, for instance, the only major country in the region whose debt is rated investment grade.

"They have not opened up," said Jeremy Paulson-Ellis, chairman of Genesis Chile.

ADRs Avoid the Hassle In Investing Overseas

By Judith Rehak

SUPPOSING you've ferreted out a specific emerging market stock, and you're thinking about going direct to its home exchange in São Paulo or Jakarta to buy shares.

Lower costs and better liquidity have long been the rationale for buying a foreign stock on its home exchange, emerging or otherwise. While this may be true for a large institutional investor that buys big blocks of shares, like a mutual fund, it is far less so for an individual investor braving the same market.

First, you will have to go to a full-service, meaning full-commission, brokerage that maintains relationships with banks and brokers in your chosen market; discount brokers don't play in this arena.

Secondly, you will have to fork over a hefty sum: Mel Lynch, for example, will not go direct to a foreign market for an individual investor for less than \$25,000, reportedly one of the lower minimums. Commission costs are likely to be higher, since two brokerages are involved, and currency-exchange fees and local taxes are tacked on.

these costs, and maintains it still loses money). Then there's often a tangle of local tax regulations, holding-period restrictions and dealing with dividend payments in local currency.

That is more than enough reason for Mr. McIntyre, along with most other financial advisers, to tell clients who have their hearts set on owning stocks in an emerging market to buy American Depositary Receipts, or ADRs, which are dollar-denominated shares of foreign companies that are traded in the United States, either listed on the exchanges or unlisted over the counter.

ADRs are not without costs to the investor either. Banks that handle dividend payments for ADRs deduct fees for foreign exchange and other fixed costs. Nor do ADRs, as some investors mistakenly think, shield them from the currency or political turmoil associated with emerging markets.

But the ADR holder does get convenience. For example, an investor who wants to buy shares in YPF, the Argentinean oil company, can call any broker, including a discount, and buy a small amount of the company's ADR—

which are listed on the New York Stock Exchange—and pay for them in dollars. The investor will be able to see the stock price listed in a local newspaper each day, and receive quarterly reports—in English—and all dividends in dollars; if the transaction is made in Buenos Aires, the investor faces not only higher costs, but the dilemma of what to do with an Argentine security, not to mention dividends paid in pesos.

One problem, however, is that there is still a relative lack of ADRs for companies in these nascent markets. But Ken Lopian, a vice president of the ADR group at the Bank of New York says this is changing.

"There are now about 60 to 70 ADRs for Argentina, Brazil, Chile, Venezuela, Mexico, and there are a lot more in the pipeline over the next few months," he says. Most Latin American companies are listing their ADRs on the major exchanges, and some, most notably Telcel, Mexico's phone company, are no longer viewed as an emerging market stock. At the same time, a rush of lesser-known, but well-managed, companies are listing, such as Grupo Simex, a small Mexican steelmaker.

There are also growing numbers of ADRs from Asian markets like Indonesia, Malaysia and Thailand, although they tend to be unlisted. Mr. Lopian said. "There are an enormous number of new ones from Hong Kong, 15 this year alone, and another 15 coming on stream in the next six months," he added.

Mr. MacIntyre pointed out that other emerging markets are still relatively closed to foreigners except for a few select institutional investors. In Taiwan and India, for example, the only route for an individual to take is to buy a country fund.

As for going direct, he comments: "It's one thing to buy Nestlé in Switzerland, but the notion of buying directly in an emerging market? You're about as far out on a limb as you can get."

Opportunities: Three Experts' Opinions

What's in a name? The answer, at least in a narrow financial context, appears to be respectability.

The name in this case is "emerging markets." And just as success has a thousand fathers, so phrases which have become part of current usage have many inventors. But whoever first used the phrase to sell developing markets to Western institutions, the adoption of the term has been important in achieving a vast sales success.

Analysts say that the epithet "emerging" as opposed to "developing" or "Third World" markets helped investors repose a little confidence in them.

Who, after all, would wish the fate of a "developing country" (many of which are in fact regressing) on a financial market? The term "emerging" helped inspire confidence; after the confidence

came the money, and with the money, respectability.

The surging popularity of emerging markets is interpreted by some in the investment community as a negative sign. The logic of this thinking is that if analysts are looking to invest in emerging markets they are saying the mainstream markets are fully valued. The consequence, they argue, of the major markets being fully valued should be to sell in the highly liquid main market. To buy more equities in relatively obscure, less liquid markets would be to expose investors to greater risk, and possibly to leave them unable to sell (even at a loss) in the event of a drop in prices.

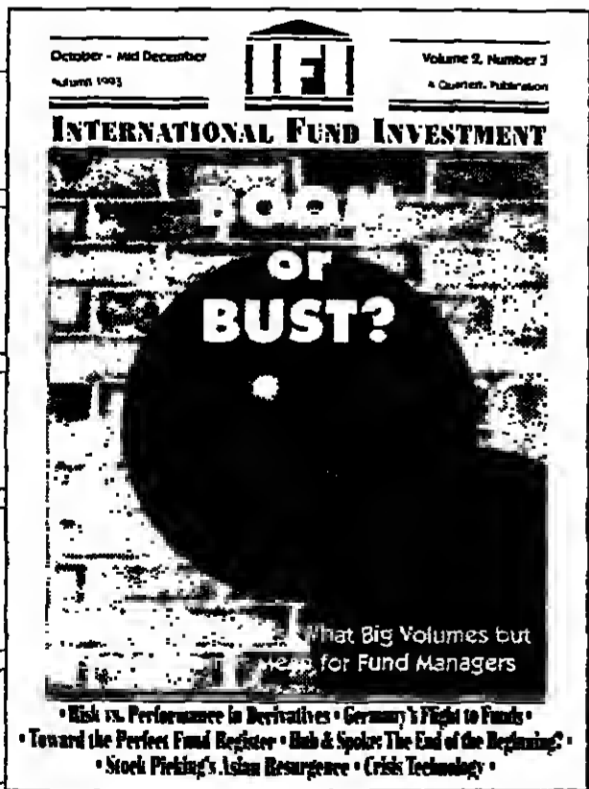
However, even the most pessimistic and skeptical analysts admit that markets do emerge and develop. Even if the pessimists are correct in arguing that emerging market mania is pride before the financial fall, the long-term picture

has shown that being a mainstream market is not some preordained quality. Markets ebb and flow, and some nature: Hong Kong, widely regarded as a wildly risky play years ago, is a prime example of an emerging market blossoming into financial maturity.

Selecting an emerging market is a casuistic process. Although analysts may have preferred criteria on which to judge companies, local conditions can vary widely from accepted Western norms. So much so, in fact, that the information required may be unreliable or simply unavailable. One consequence of this is that investors need to rely even more heavily than usual on those with in-depth, local knowledge of their preferred markets. Here are the current choices of three analysts specializing in emerging market investment.

—MARTIN BAKER

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THE MONEY REPORT

From Exotic to Irresistible

By Philip Crawford

NOT so long ago, Far Eastern markets such as Thailand, Malaysia, the Philippines and Indonesia were seen as truly exotic investment fare, places where one should almost expect to lose money amid an undeveloped, unsophisticated business environment.

How times change. International investors are now flocking toward these markets in ever-increasing droves, say analysts who cover the region, as prospects for earnings growth in established major markets such as the United States and Britain appear more limited. What is more, these somewhat adventurous investors are being handsomely rewarded.

A glance at the major stock indexes in these markets tells a big part of the story. Since the first of the year, the SET index of Thai stocks is up 29 percent, while the Kuala Lumpur composite index of Malaysian equities has grown 43 percent. The Manila composite index of Philippine stocks has risen a staggering 75 percent, while the Jakarta composite index of Indonesian stocks is up 68 percent. When growth markets boom, they tend to really boom.

Few analysts, not surprisingly, expect share price gains to continue at such steep levels. But the consensus appears to be that, generally speaking, there is still plenty of room for further growth in the Far East.

"The short-term problem is that so many markets in the region have just gone ballistic," said Bruce Russell, global policy strategist for Fidelity International Investment Management in London. "The result is that much of the potential earnings growth is already in the prices. But overall, looking ahead, we're still bullish."

In theory, these markets are accessible, through leading international brokers, to foreign retail investors who wish to buy individual shares. But some analysts caution that shares bought in relatively small lots are often charged a premium, and that trading and settlement procedures, both going in and getting out, can be laborious. The weight of opinion is that "country" funds, or those which invest solely (or primarily) in the equities of a

single market, are still the vehicle of choice for investors who seek a concentrated focus. Many such funds, moreover, have turned in stellar performances of late.

The best performing Thailand fund for the year ending Sept. 1, according to the fund-tracker Mucropal, has been the Fidelity Fund-Philippines fund, returning 67 percent. Launched three years ago as part of a Luxembourg-domiciled umbrella, the fund's size is currently about \$40 million and still growing. Mr. Russell, of Fidelity International, said the best performing sector of the Thai market, by far, has been banking and finance.

"The Thai economy is still growing and the banks have been lending vigorously," he said. "And although the banks should continue to show increased earnings, 1994 will be a tougher year than '93. The manufacturing sector is also expanding, but it's facing much greater competition from China, Malaysia, and Indonesia, where labor is much cheaper." Core holdings of the fund's portfolio, added Mr. Russell, are Bangkok Bank Ltd., Krung Thai Bank Ltd., and Thai Farmer's Bank Ltd.

Another high-performance Thailand fund, returning 51 percent for the same period, is the New Tiger Selections-Thailand fund, managed by Thornton Unit Management Ltd. Launched in March 1990 and domiciled in Bermuda, the fund has grown to \$16.5 million. Nick Hodgson, a London-based Thornton analyst, said a more relaxed monetary policy should enhance Thai earnings growth going forward.

"The government tightened monetary policy last year because it thought the economy was overheating, when in fact it really wasn't," he said. "Now they've loosened things up again. We're bullish on Thailand."

In Malaysia, Jardine Fleming's JF Malaysia Trust has been the top performing fund in a high-octane market, returning 128 percent for the year ending Sept. 1. Jardine Fleming's most recent research report notes that the Malaysian economy continues to look healthy, with inflation under control and interest rates declining. Other analysts add that parliamentary elections scheduled for November have set rumor mills spinning on such topics as which companies will get

lucrative government contracts—all to the benefit of those companies' share prices.

A London-based spokesman for the Fleming Group said the fund is about 37 percent invested in the industrial sector, with about 20 percent exposure to banking and finance. The spokesman mentioned the Fidelity Fund-Philippines, a maker of timber products, Faber Group Bhd., a hotel and property development company, and Remong Bhd., also a property developer, as Malaysian companies viewed favorably by the fund's managers.

Thornton's New Tiger Selections-Malaysia fund and the Fidelity Funds-Malaysia fund have also been superb performers, chalking up returns of 100 percent and 96 percent over the same period. Included in the Fidelity portfolio are companies such as United Engineers (Malaysia), Resorts World Bhd., and Genting Bhd., a gambling and resort company.

Jardine Fleming has also managed the best-performing Philippine fund for the year ending Sept. 1—the JF Philippine Trust, which returned about 30 percent. Equities viewed favorably by Jardine Fleming analysts include Philippines Long Distance Telephone, San Miguel Brewery, and the multi-industry Ayala Corp. Thornton's Philippine Redevelopment Fund was the runner-up, returning 17 percent.

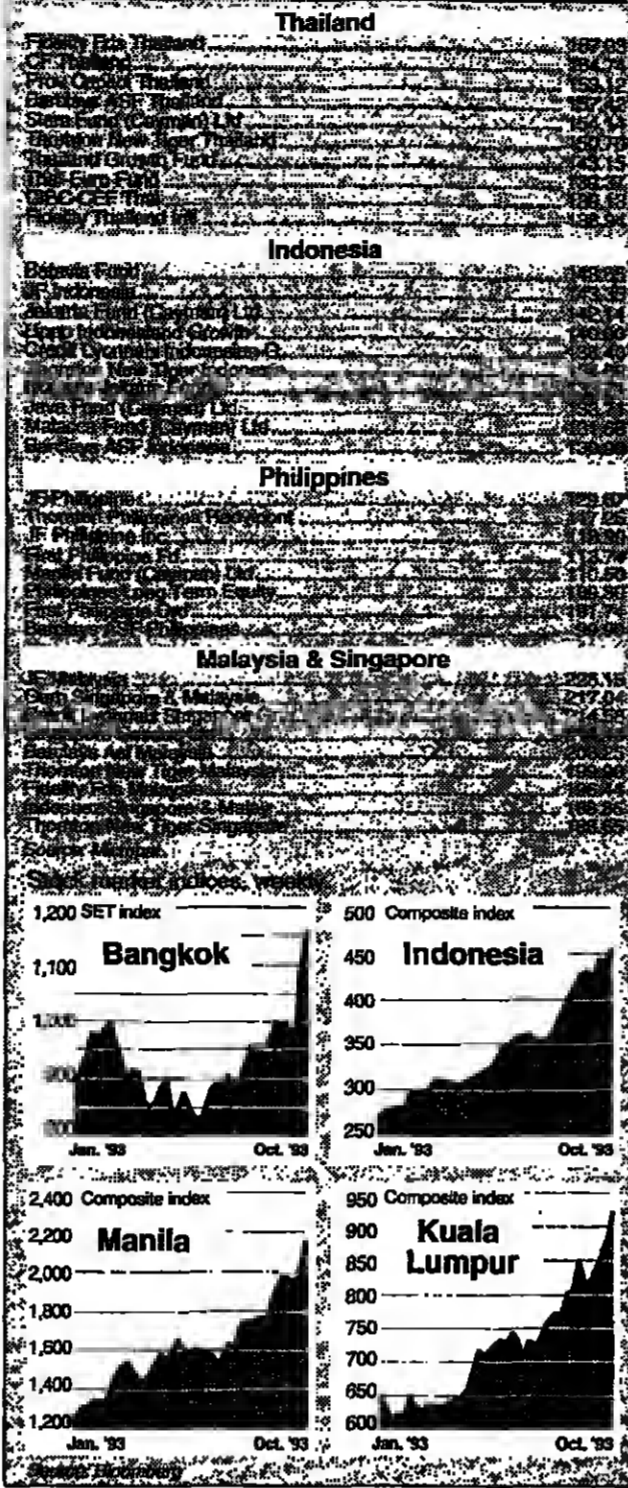
"The Philippines are a bit of an enigma," said Mr. Hodgson, "and we're basically neutral on the market at this point. There are really only a handful of companies in which foreigners can invest, and the economy is not growing."

Many analysts remain positive on the Indonesian market as well, as strong economic growth and a relaxing regulatory environment have stimulated the inflow of foreign capital. The top two performing funds for the year ending Sept. 1 were the Batavia Fund, returning 48 percent, and Jardine Fleming's JF Indonesia fund, returning 43 percent.

"Indonesia is a strong recovery story," said Mr. Hodgson of Thornton, whose New Tiger Selections-Indonesia fund returned 35 percent over the same period. "Interest rates are down and we're seeing strong performances in line with recovery. There are still some liquidity problems, but given them, we're still bullish."

Asian Emerging Market Funds

Over one year to Sept. 1, 1993



Mexico: A Spasm of Growth

By Conrad de Aenlle

MEXICAN shares reached all-time highs this week, fully recovering from a short, sharp fall last month that took the principal index down nearly 10 percent. The Bolsa index was trading this week around the 1980 level. What has been driving the latest spasm of a rally that began a year ago and has carried stocks more than 50 percent higher is a belief that Mexico's economy has matured to the point that it can stand on its own, without America's help.

Fear that the U.S. Congress will reject the North American Free Trade Agreement is what pushed the market lower last month. Lawmakers are still agonizing over the treaty, which would eliminate trade barriers between Mexico, the United States and Canada, but there is a new way of thinking about such an outcome: it won't matter.

"We view it here more as a non-event; it's hard for us to believe that everyone is so upset about NAFTA because the business is already there and will go there if NAFTA is there or not," figures Jim Bogin, who runs the Latin American portion of GT Management's emerging market funds. He noted that tariffs are already very low between the two countries, between 4 and 10 or 11 percent.

"We're not talking moves from 400 percent to 10 percent; they're already down there. Americans have glaucoma, and it says more about what Americans feel about themselves than what's happening down there."

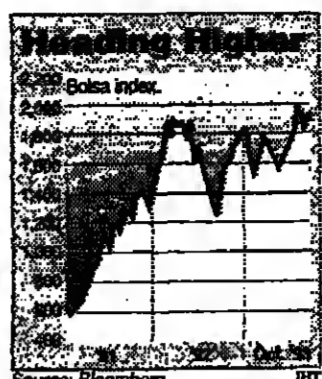
That may be why President Carlos Salinas de Gortari told Congress basically to approve the treaty in its present form before the end of the year, or else the whole deal's off. And it may explain why traders bid up Mexican shares 5 percent over the next three sessions.

"The U.S. gets hurt more than Mexico" if NAFTA is not enacted, said Elizabeth Morrissey, managing partner of Kleiman International Consultants, which specializes in emerging markets. "Mexico is building trade with its southern neighbors and the Pacific Rim. Really, what are they going to lose? They haven't put all their eggs in one basket. Those economies are probably going to grow faster than the U.S. economy anyhow."

Tom Gallagher, a political analyst at Lehman Brothers, agrees that "failure to implement NAFTA isn't the same as imposing trade barriers. It's uncertainty about policy more than anything."

What becomes uncertain, he said, is the fate of world trade talks that are due to be concluded this winter. If NAFTA is voted down, it becomes more likely that the French will persist in their stubbornness over an agricultural accord that is a sticking point in the proceedings. Congress, too, might be more disposed to reject a deal in the General Agreement on Tariffs and Trade. That could be bad news for Mexico and other Latin American countries.

"Emerging markets in general are vulnerable to a GATT failure because they're seen as the biggest



Source: Bloomberg

winners of a GATT agreement," Mr. Gallagher said.

While analysts and economists don't see dire consequences if NAFTA doesn't make it, they would like the agreement to be ratified all the same. Mr. Gallagher, by the way, rates the chance of that about 60-40, most others see it as a toss-up as President Bill Clinton lobbies hard for passage with those in Congress, mostly from his own Democratic party, that are leaning the other way.

"I don't think anyone is that confident it will pass," said Jim Nash, an economist at J.P. Morgan who specializes in Mexico. "We've seen evidence in recent days that the administration is increasing the base of its campaign; in the final analysis, it comes down to presidential choice."

"The big debate in the markets is to what extent a failure of NAFTA is already priced in, given the widening of spreads in Brady bonds over U.S. Treasuries. My own feeling is a failure of NAFTA would be a sufficient shock to depress the stock market some more and possibly increase spreads in the bond market," Brady bonds are securi-

tized bank loans made to Third World countries in the early 1980s. "You could have pressures on the currency and financing the current account," said Eduardo Faria, a fund manager at Latin American Securities. "Interest rates may have to go up to defend the currency; they haven't given themselves a lot of room" by, say, lowering the top of the band the Mexican central bank allows the peso to move in against the dollar.

"The most likely scenario," he said, "is interest rates will move up, at least temporarily, and there will be a smaller rate of growth than you would expect to see if NAFTA were approved." Gross domestic product next year might rise by 2 percent instead of the expected 3 percent.

There is consensus that the shares that will do best in Mexico without NAFTA are those of companies with strong businesses within the country and that don't carry a lot of debt.

"If it's not approved, I think you need to concentrate a lot more on domestic demand," said Mr. Faria. Food and beverage companies fall into that category. He also likes construction companies because, with or without the treaty, Mexico needs to improve its infrastructure.

On the other hand, "any company that has a high level of debt or is borrowing in dollars, any devaluation is going to hurt. He said 30 percent of his funds' Mexican holdings are in construction, consumer and retail stocks.

Mr. Nash says the relative winners would be "any industry where the cost of labor is an important component: textiles, apparel, glass-ware."

"What goes up if NAFTA passes?" "Almost everything initially; I think the whole market would move up."

Beating the Tax Man: It's Getting Harder

By Gifford K. Scott

EXPATRIATES of all nationalities fill Kitty O'Shea's, an Irish pub in Brussels, just outside the windows are the buildings that house the bureaucrats who have fashioned the European Community's "single market." Few of the cynical drinkers at the bar can see any advantages in the new, supposedly borderless Europe—except the tax system.

Taxation was one of the areas that the bureaucrats in Brussels failed to harmonize. Furthermore, they have no intention of doing anything about the huge diversity of taxation systems among the 12 EC states.

For Sean, who refuses to give his surname for obvious reasons, this couldn't be better news. "I have lived here for three years and haven't paid any tax," he says, draining a glass of Guinness. "The Irish government knows that I live overseas but the Belgians have no idea that I even exist."

He and hundreds of thousands of people like him have fallen through the cracks between various national taxation systems in Europe and disappeared. They are part of a new army of "ghost expatriates" which is starting to concern tax authorities.

But these "ghosts" are only the tip of the iceberg. The majority of expatriates use "semi-legal" methods to exploit loopholes in the EC's tax systems to cut their tax bills. Accountants are all too willing to offer advice to anyone willing to pay.

So far these tax cheats and their accountants are winning the battle. Until now the tax man has seen them as being more trouble than they are worth and has left them alone. But with more than 1.5 million expatriates living in Europe, and their numbers expected to swell with the completion of the "single market," the authorities have decided to act.

"The tax authorities are talking to one another more often," says Andrew McLain, head of European expatriate taxation at Price Waterhouse in London. "There is anecdotal evidence to suggest that they are getting more sophisticated."

Over the next three to four years there will be a real crackdown on short-term visitors. For the tax man the most difficult problems are the "ghost expatriates." Typically they do not register as a resident—as is required in many EC countries—and they are not paid by a local company. Freelancers, contract workers or people who are paid in their native country are the most invisible.

A complex game of cat and mouse is played between these "ghosts" and tax collectors. Increasingly sophisticated trip wires are being put in place to alert the tax authorities to the whereabouts of any expatriate. How?—water-tight holes why grape-vine-

Expatriates delight in telling stories of Germans who lived in London for years without paying tax or Spaniards who lived in Paris and even put their children through the state school system without ever being noticed by the tax authorities. However, there are also alarming tales of people who thought they had got away with it but suddenly received a \$60,000 tax demand.

Brussels—with an estimated 200,000 expatriates, one of the biggest communities in Europe—is in the front line of the battle between the "ghosts" and the tax man. The Belgian tax authorities are increasingly vigilant and use the gas and electricity bills, among other sources, to trace them.

To skirt this trap, "ghosts" attempt to rent flats only where the utilities are kept in the name of the landlord. Everything from changing bank accounts once a year to keeping non-Belgian number plates on the car are common practices. Expatriates are even wary of putting a name on the door bell of an apartment as it can be picked up by the local police force whose job it is to check the names of all tenants in the area.

In Paris, expatriates make up a less significant percentage of the population than in Brussels and the trip wires are less sophisticated. Ghosts follow one simple rule: ensuring that their apartment is not in their name. If having an apartment in their name can't be avoided, they change arrendissements, as the local areas in Paris are called, once a year.

Paris is typical of most European countries as Greig Hope, overseas

tax specialist at Towers Perrin, a London-based firm of actuaries, explains: "Throughout Europe the two things that are most likely to catch out the ghosts are property—either renting or buying—and health and social security."

For many people the subterfuge involved in being a ghost is too complicated or stressful. For them there are simpler ways to cut the tax bill by using "white-box," as they are called by tax experts, which are legal or almost legal. All that is required is a slight bending of the rules.

In Brussels, residents who are non-Belgian can apply for "expatriate status" which means that

they are not taxed for the period of time they spend outside Belgium. The rules are complicated and weekends do not count as time outside Belgium, neither does the first day of any business trip. But it is easy to cheat.

Expatriates can try to make it look as if they are out of the country for longer than they actually are. Amongst their techniques is the careful purchase of airline tickets. If a business man knows he has two day trips to make from Brussels to Frankfurt—one in early November and the second in early December—he claims that he is out of the country for the entire month.

Tax authorities do make specific requests to one another about individuals that they suspect of avoiding tax. But these requests are often time-consuming, and are only made if the suspected tax fraud is big enough to justify the time. In the case of an expatriate earning under \$80,000, an investigation does not normally justify the effort.

So far the ghost has simply had to keep one jump ahead of the tax authorities in the country in which he is living. But now he also has to watch out for the tax authority in his own country, particularly if they come from the United States or Britain.

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The Next Kukoc Is Alive, Well and Waiting for the NBA

By Ian Thomsen
International Herald Tribune

MUNICH — The next Toni Kukoc, perhaps, is a shooting forward for an Italian team sponsored by a nonalcoholic beer. On Thursday night his uniform was as black as his hair, bringing out the dusk around his eyes. Predrag Danilovic is a hard worker, which explains his surly expression and the joy of his efficient release.

"He is an NBA shooter — not scorer, but shooter," said Hubie Brown, the former National Basketball Association coach who is here as a U.S. television commentator for the McDonald's Open. "He reminds me of Brian Winters [the former Milwaukee Bucks] coming off of a screen, but with a little more range than Brian had. Now if he can have a career like Brian had, he is a star."

Since Kukoc left his club in Treviso, Italy, last summer to join the Chicago Bulls, European basketball has been suffering the same kind of phantom pain that will haunt the NBA without Michael Jordan. Except for Real Madrid's Arvidas Sabonis, the 29-year-old Lithuanian center who almost can't run anymore, there is no player of universal recognition in Europe.

Detlef Schrempf of the Indiana Pacers declined to play for East Germany when it won the European championship in June, and Drazen Petrovic, the Croatian guard of the New Jersey Nets, was killed in a car accident while considering offers from European clubs.

The next Kukoc won't exist until the NBA invents him. For all his unique skills and ingratiating personality, Kukoc never would have become famous if the Bulls hadn't been chasing him for three years. Despite all the talk about basketball overtaking soccer as the world's most popular sport by the year 2000, the Europeans still don't know how to make stars out of their players.

The 6-foot-7-inch (2-meter) Danilovic, 23, was drafted by Golden State in the second round last year — and still no one seems to know anything about him.

In Europe, the best players rarely congregate. Every country has its own league, with the borders ever shifting. Lacking a preparatory collegiate system, the best European prodigy in their late teens, Danilovic, a Bosnian Serb, was 16 when he tried to move up from his club in Sarajevo to Partizan Belgrade.

Transfer regulations sidelined him for two years. He spent the second year learning English and playing for a high school near Nashville, Tennessee. He won two European cups with Belgrade, and an Italian League championship last season for his new club, Knorr Bologna. The team's sponsor this year is Beckler, a nonalcoholic beer, and Danilovic led Bologna to a 129-88 demolition of A.S. Roma from Brazil in the first round of the McDonald's Open on Thursday.

Later, he claimed that this tournament was less important than other European and Italian competitions. He also claimed that he

Suns Overcome Sluggish Start to Beat Real Madrid

International Herald Tribune

MUNICH — The Phoenix Suns overcame a woeful first half to beat the Spanish champion, Real Madrid, 145-115, in the second round of the McDonald's Open on Friday.

The National Basketball Association finalists did not take over until the third quarter, when they converted a 70-66 halftime advantage into a 113-87 certainty. The first 24 minutes were a victory for the Spaniards and their Lithuanian center, Arvidas Sabonis. Hot shooting and midseason form earned them an immediate 21-12 advantage, and then they settled into orbit around the 7-foot-2-inch (2.18-meter) Sabonis.

It was easy to envision him 20 pounds lighter, before the torn Achilles tendons and foot problems. Drafted years ago by the Portland Trail Blazers, he was going to be the world's next dominant center. For almost a half he was the best player on the floor, with 19 points and 6 rebounds until fatigue and fouls overcame him.



Iraq's Saad Benyamin, left, was a step ahead of the Iranian defender Ardashir Ghahseini on Friday in their 1994 World Cup qualifier in Doha, Qatar. An Iraqi and an Iranian were ejected from the match.

2 Players Ejected as Iraq Stops Iran, 2-1, in '94 Cup Qualifier

Compiled by Our Staff From Dispatches

DOHA, Qatar — Iraq claimed a 2-1 victory over Iran, its former wartime enemy, on Friday in an Asian World Cup soccer qualifying match.

One player from each side was sent off and four Iraqis and two Iranians were booked, but that was due more to the referee's strict attitude than excessive aggression from the players.

In the second game, Ahmed Madani scored in the final minute to give Saudi Arabia a 1-1 draw with South Korea, moving both to the top of the six-team tournament and putting both in strong positions to qualify for the 1994 World Cup finals in the United States. Only two teams qualify.

But the Saudi team will face a FIFA inquiry on Saturday after thousands of their fans invaded the pitch after the match. The spectators taunted the South Korean supporters and threw objects at them. More than 200 Qatari police were needed to clear the pitch.

"It will be discussed by FIFA tomorrow," a FIFA spokesman, Frits Ahlstrom, said in a statement. Earlier, Alas Jebur's goal broke a 1-1 tie and kept Iraq's qualifying hopes alive. It moved the Iraqis into fourth place.

The victory unleashed a frenzy from Iraqi fans who released half a dozen doves and waved pictures of President Saddam Hussein.

"I thank God for this victory," said the Iraqi coach, Ammu Baba. "Our goal is to qualify and go to America."

But to qualify Iraq must win its remaining matches, against Saudi Arabia on Sunday and against Japan on Thursday.

The Iranian and Iraqi players shook hands and even embraced after the final whistle, scolding the bad blood built up during their nations' eight-year war, which ended in 1988.

It was the first meeting between the countries since 1989, when they drew 0-0 in Kuwait.

Two Iranian defenders stood and watched as a through ball from Radhir Swadi bounced between them in the 20th minute and Iraq's captain, Ahmad Amish, nipped in to open the scoring.

A minute later, Iran drew level when a miskick from Swadi was headed over the stranded goalkeeper by Ali Dasi.

Iraq was the more potent attacking force and regained the lead in the 37th minute when a pass into the box by Saad Numan deceived

the static defense and was tucked away by Jebur.

Although there was little niggling between the sides in the first half, it ended with an Iranian player sent off and yellow cards being shown to one Iranian and two Iraqis by the Romanian referee.

The Iranian defender Javad Zarincheh was sent off in the 40th minute for his second bookable offense, both incidents involving little more than jersey-pulling. His teammate Majid Namjoo was booked along with Iraq's Numan and Salim Kadhim.

The referee continued to take a strict attitude in the second half, sending off Iraq's Habib Agal after the linesmen drew his attention to an incident involving an Iranian defender in the 53rd minute. Bookings were also handed out to Samir Hassan and Swadi of Iraq, and Iran's Nader Khani.

In the second match, a spectacular save by Choi In Young in the 39th minute denied Saudi Arabia its first goal, deflecting a shot from Hamzah Falata from 5 meters.

After a barren first half, the South Koreans led in the 61st minute when Shin Hong Gi's shot slipped between the legs of Saudi goalkeeper Mohammed Aldeyay.

(Reuters, AP)

Can Browns Overcome Steelers' Defense?

New York Times Service

STEELERS (4-2) at BROWNS (4-2): KEY STAT: Steelers can win their fifth straight for the first time in 10 years; Browns have beaten Pittsburgh 10 of the last 11 in Cleveland Stadium. COMMENT: "When we're flying to the ball like we have been, our defense is as good as any in the league," said Steelers cornerback Rod Woodson. Few would argue. Pittsburgh held New Orleans to 49 rushing yards and forced five turnovers. For the season, it has 14 interceptions and has recovered six fumbles — those 20 takeaways tie Buffalo for the NFL lead. Watch Steelers linebacker Greg Lloyd, who is playing his position as well as any other linebacker, and his pressure on quarterback Vinny Testaverde and defense of the running game that helps Pittsburgh overcome the odds at the Dawg Pound. Odds makers have made the Steelers 1 1/2-point favorites.

Citizenzen leads AFC with 22.6 yard average; Seahawks won in road game over New England by 17-14 in Week 3. COMMENT: New England thought it should have beaten Seattle the first time and seeks redemption but won't get it. Look for Seahawks back Chris Warren to produce a big day and for the Seattle defense to shine, especially safety Eugene Robinson and cornerback Carlton Gray, who each have three interceptions. Seahawks by 9 1/2.

FALCONS (1-5) at SAINTS (5-1): KEY STAT: Falcons have lost 10 of 13 to New Orleans but have won two of three in the Superdome; Saints 22 sacks led NFC. COMMENT: This rivalry has become special and not bode well for a long road trip against a team that is hot and cold and dangerous. Rams by 1 1/2.

NFL MATCHUPS

BILLS (4-1) at JETS (2-3): KEY STAT: Bills have won six straight over Jets in Giants Stadium; Jets have allowed only three sacks in last four games and all three losses have been by six or fewer points. COMMENT: The Bills continue tinkering with their no-huddle offense, allowing Jim Kelly to call plays and finding new ways to get the ball to receivers Andre Reed and Don Beebe. The Jets must defend with physical play and then continue to rely on Boomer Esiason and a passing offense. Bills by 2 1/2.

PACKERS (1-4) at BUCCANEERS (1-4): KEY STAT: Packers only NFL team that has not lost a fumble; Buccaneers have allowed only 16.0 yard average on kick returns. COMMENT: Offensive lineman Paul Gruber is finally signed, sealed and delivered for Tampa Bay and his addition will immediately help bolster the offense. Green Bay, however, must win this game for any hopes of a mid-season run in the NFC Central. Quarterback Brett Favre has settled down. Reggie White is making an impact and Sterling Sharpe has caught passes in 76 straight games. Packers by 6 1/2.

COLTS (2-3) at DOLPHINS (4-1): KEY STAT: Colts lost 24-20 to Miami in season opener but beat Dolphins 31-20 in Miami last season; Dolphins defense has 12 sacks in last three games. COMMENT: Jeff George starts for the Colts and lefty Scott Mitchell for Miami in his first start in four pro seasons. Mitchell entered for injured Dan Marino vs. Cleveland and threw two touchdown passes and he has had two weeks of practice at No. 1 to gain further control of the offense. Both quarterbacks should shine but the Miami defense is stronger. Dolphins by 6 1/2.

BENGALS (0-6) at OILERS (2-4): KEY STAT: Bengals receiver Carl Pickens leads team with 24 catches, 284 yards and four touchdowns; Oilers Warren Moon in 17 starts vs. Bengals has 29 touchdown passes. COMMENT: Cincinnati is young, mistake-prone and struggling. Houston is a veteran team that has struggled on and off the field with the latest incident involving offensive lineman David Williams and his pay being docked for missing a game due to the birth of his child. Most teams could take advantage of Houston's lack of focus but the winless Bengals simply do not have enough punch. Oilers by 14.

VIKINGS (3-2) at BEARS (3-2): KEY STAT: Vikings quarterback Jim McMahon has won 22 straight vs. NFC Central; Bears after 0-2 start have outscored opponents by 70-23. COMMENT: McMahon plays his first game in Soldier Field since he left the Bears, his team from 1982 through '88. Along with him comes a defense that has not allowed a 300-yard passer, a 100-yard receiver or 100-yard rusher (only the Giants and Jets match that feat). The Chicago defense, however, has improved, and had four takeaways and six sacks at Philadelphia. Richard Dent, Mark Carrier and the rest of the Bears defense will give McMahon a rude welcome. Recently acquired back Tim Worley from Pittsburgh should prove a valuable addition for the Bears. Bears by 3.

LIONS (4-2) at RAMS (2-4): KEY STAT: Lions have not won in a West Coast game in 11 years; Rams have 18 sacks and have allowed only seven. COMMENT: The Barry Sanders contract fiasco has not helped the Lions any more than their early-season quarterback indecision. When your star player is unhappy and he is the central force on your team, this does

These matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's.

SIDELINES

Maradona Sought in 2d Drug Case

ROME (AP) — The Argentine soccer star Diego Maradona is to be summoned by an Italian court on new charges of possessing and importing cocaine, a Rome tribunal has ruled.

Maradona, in Australia preparing for a World Cup qualifier, was found guilty in his absence in September 1991 of possessing cocaine. The soccer star, who denied the charges, was given a 14-month prison sentence but had already left the country.

Now he faces another trial summons, following allegations made Thursday night by his former bodyguard in Italy, Pietro Pugliese. Pugliese told a panel of judges that he had brought Maradona a bundle of newspapers sent from Argentina, which, apparently unknown to the bodyguard, contained cocaine. Maradona's former business agent, Guillermo Coppola, who is accused of being an accomplice in the case, also appeared before the tribunal. The judges ordered that court proceedings start on Dec. 3.

Belgium Backs Heysel Renovation

BRUSSELS (AP) — The Belgian government approved plans Friday to renovate Heysel Stadium, where 39 people died during riots in 1985, and two years after authorities ruled the facility too decrepit to stage soccer matches.

The government said it would provide 450 million Belgian francs (\$125 million) in funds to upgrade what had long been Belgium's national stadium. The Belgian soccer federation and other public funds are to contribute an additional 175 million francs.

On May 29, 1985, 39 soccer fans, mostly Italians, were crushed to death when they tried to flee rioting fans before the European Champions Cup final between Liverpool and Juventus Turin. Some matches continued to be played there but the authorities decided to close the stadium to soccer after riots there between FC Bruges and FC Mechlin fans in 1991. While soccer was banned, the stadium was still the site of the annual Ivo Van Damme Memorial track and field meet.

IBF to Try Title-Bout Tiebreaker

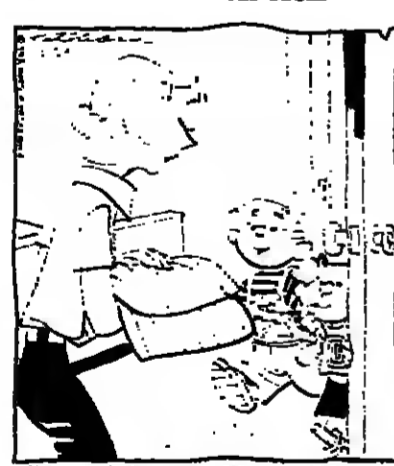
FORT LAUDERDALE, Florida (AP) — The International Boxing Federation will experiment with a tiebreaking round if a 12-round title bout ends in a draw.

The fighters will have their usual one-minute break and return for a 13th round. Under the new system, which was announced Thursday, the extra round cannot be scored a tie. The new system will be in place Saturday night in Fort Lauderdale when the IBF welterweight champion, Felix Trinidad, defends his title against Anthony Stephens.

For the Record

Johnny Oates, the Baltimore Orioles manager, has been signed to a two-year contract with an option for the 1996 season, The Baltimore Sun reported on Thursday. (AP)

DENNIS THE MENACE



PEANUTS



JUMBLE

THAT SCRAMBLED WORD GAME

Unscramble these four letters, one letter from each to form the ordinary word.

NUCOE
MYNAL
DOSTIL
SYMICT

Print answer here: _____

BLONDIE



BEEBLE BAILEY

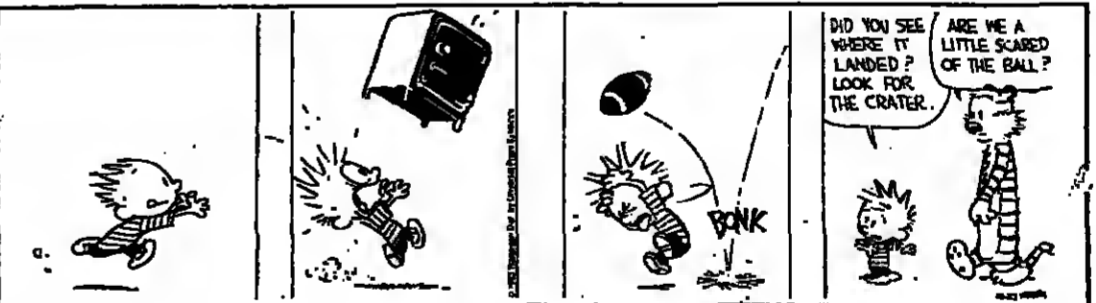


DOONESBURY

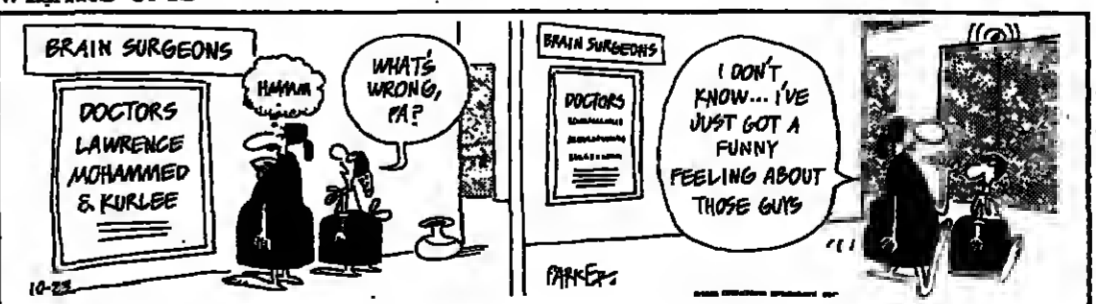


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SPORTS

Schilling and Phillies Shut Out Jays, 2-0, to Stay Alive in Series

He Was About as Alone As a Pitcher Can Be

By Thomas Boswell

PHILADELPHIA — Whenever a team has trailed the World Series three games to one and has ultimately come back to win, the catalyst has almost always been a heroic, and often shocking, pitching performance on behalf of the demoralized underdog.

The Philadelphia Phillies needed Curt Schilling as desperately on Thursday in Game 5 as the '85 Royals, '79 Pirates, '68 Tigers and '58 Yankees needed Danny Jackson, Bert Blyleven, Mickey Lolich and Bob Turley.

All of them were grand, but, if the Phillies rise from the crypt, those pitchers will take a back seat to Schilling, who stuffed a five-hit shutout down the protesting craws of the Toronto Blue Jays here on Thursday night. This season, in 172 regular and postseason games, the Jays had only been shut out once — by Fernando Valenzuela. Now, make that two.

The final three innings were excruciating drama for the crowd of 62,706, which knew that Schilling, who threw 150 pitches, was not coming out until it was won or lost. The Phils feared their own bullpen more than Schilling's fatigue.

"I was running out of gas by the seventh," Schilling said. "Darren Daulton came to the mound and said, 'We may have to use some mirrors.'"

In the eighth, with men at the corners, none out and the top of the order up, Schilling and the Phillies truly looked cooked. Then a strange and wonderful thing happened. "When I saw nobody was in up, I got me pumped. I knew we'd end our season on Wednesday based on what I did."

WITH DETERMINING staff, with no help in sight, with the audience lineup in baseball facing him and with his own catcher's faith in him dwindling, this is what Schilling did: He hit spots. Time after time after time. Shaving the corners, changing speeds. And the famous monsters row of Rickey Henderson, Devon White, Roberto Alomar, Joe Carter, John Olerud and Paul Molitor went out — six in a row — without a single solidly hit ball.

All Schilling had for solace were two early runs off the Jays' ace, Juan Guzman — both a result of dubious Toronto strategy.

In the first, the Jays played the infield back and gave up a run with a man on third and one out. Kruk hit a grounder directly to second base that would not have scored anybody with the infield in. In the second, with a man at second and two outs, the Jays bungled, throwing a fastball strike down the pipe to Kevin Stocker with the pitcher on deck. Stocker doubled home the second run. Schilling made that margin feel like 14.

Nobody would have guessed before this game that one man, cast off by three previous teams, could stand against the world champions and even out. Make no mistake, Schilling was as alone as a pitcher can be. The Phillies might as well have come to Veterans Stadium in 25 years for all the chance that most fans gave them. No team in Series history had even taken a more lethal-looking dagger to the heart than the Phils in their 15-14 loss in Game 4. After the Jays' wrecking-ball of a six-run eighth inning, the headlines moaned "Vet Cemetery" and "Nightmare on Broad Street."

As Schilling watched Mitch (Wild Thing) Williams turn a 14-10 lead into a defeat, he kept a towel over his head, afraid to look — just like any passionate Phils' devotee.

After that defeat, Schilling fell silent, his eyes filling. "I don't have anything to say." That stands to reason. Schilling is the pitcher who has written on the underside of his cap: "No talk. Just get it done." He doesn't need to talk to motivate himself.

For generations, the expression "You're in there for nine" had meaning. The staff was tired. You had to finish, no matter what a beating you might have to take. That phrase is an antique now. But Schilling revived it. The Phils' manager, Jim Fregosi, was asked if he would leave Schilling on the mound "until his arm falls off."

"Most likely," Fregosi said. "I don't want to see Curt Schilling get hit by a line drive." Schilling could not wait to face the mighty Jays, whose first eight hitters in Game 5 had an amazing career postseason batting average of .323 in 869 at bats. After getting bashed for seven runs in his Game 1 defeat, Schilling took full blame.

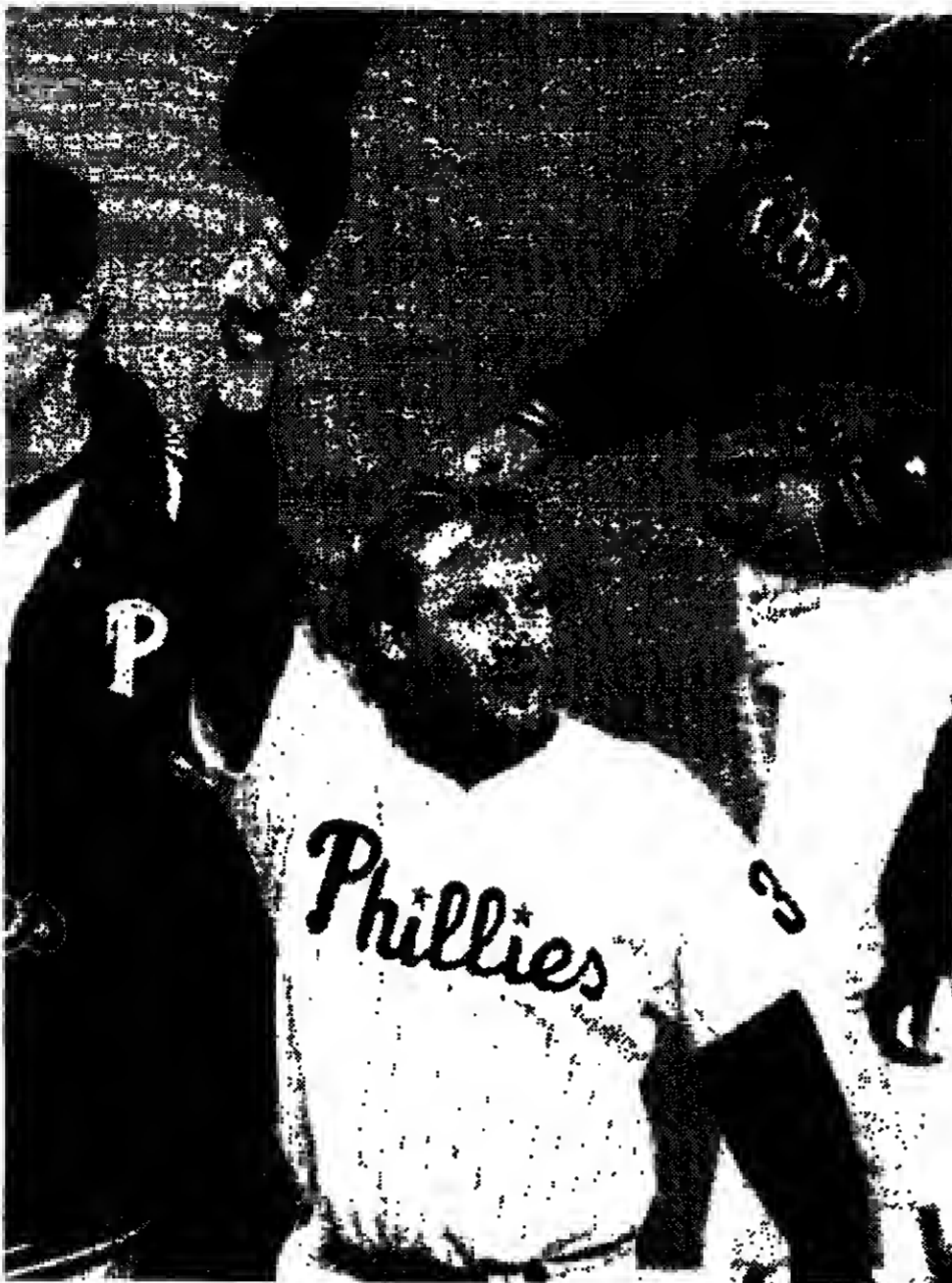
Tens of millions of people saw the best of Schilling this time. He worked his fastball in-and-out to lefties and up-and-down to righties and got a couple of big outs with backdoor sliders to lefties.

His final jam, in the eighth, was his most thrilling. The immortal Henderson grounded to the mound. White fanned. And Alomar hit the weakest of grounders to second. That was, in its own way, a kind of knife in the Jays' hearts. Their ninth inning was a flaccid one-two-three, nine-pitch anticlimax.

Had the Jays juggernaut been demythologized? In Game 6, and if necessary Game 7, the Phils have left-handers scheduled. And the Jays are only 13-27 against lefties. Still, Danny Jackson and Terry Mulholland probably do not have a night like Schilling's in them. Few men do, even in a lifetime. And, if they don't, sooner or later, Williams will be back.

"I don't want to go to Toronto if we're not going to win," Schilling said. Then he added, perhaps to give his teammates a bit of his heart, "I can go an inning or two on Sunday."

Schilling, the former closer, ready to finish a seventh game? If the Phillies beat that, they may kidnap the Wild Thing.



Curt Schilling tipped his hat to the crowd after cooling Toronto's bats with a complete-game shutout.

Right-Hander Crafts a Complete Game, Sending Toronto Home With 3-2 Lead

By Murray Chass

PHILADELPHIA — Curt Schilling turned off the Toronto Blue Jays' run faucet. After watching the Blue Jays batter right off his fellow pitchers for 25 runs in the previous two games, including 15 in a wild and wacky game on Wednesday night, Schilling stymied the American League champions on five hits as the Philadelphia Phillies stole a 2-0 victory in Game 5 of the World Series on Thursday night.

Instead of soaring home to Canada with their second successive World Series championship, the Blue Jays limped north with only the second shutout in their 40 games of postseason history and their second in 173 games this year.

During the regular season, the Blue Jays suffered only one shutout. Fernando Valenzuela of Baltimore pitched a six-hitter against them in a 6-0 victory on June 30.

They still lead the Phillies, 3 games to 2, and they will have a second chance to wrap up the Series when it resumes in Toronto on Saturday night. Dave Stottlemyre will have the pitching assignment that Juan Guzman could not fulfill Thursday night, pitching against Terry Mulholland in a rematch of Game 2 starters.

As for the Phillies, they got what they wanted.

"They're looking for one thing — an all-expense trip to a foreign country," Jim Fregosi, the Phillies' manager, said of his players when he was asked about their mood before the game.

Their mood could understandably have been depressed after the what they had endured the night before, squandering a 14-9 lead in the eighth inning.

"Sure, it's kind of depressing," said Mitch Thompson, their left fielder. "We have to rebound tonight and put it out of our minds. We have to jump them early and get a lead."

The Phillies jumped to an early lead Thursday, scoring one run in each of the first two innings. Lenny Dykstra created the first; doubles by Darren Daulton and Kevin Stocker produced the second.

And then Schilling converted the lead into the Phillies' first World Series victory at Veterans Stadium since the team won the 1980 World Series from Kansas City. The Phillies lost all three home games in the 1983 Series and the first two in this one.

The Blue Jays, meanwhile, had their post-season road winning streak halted at seven (two here, three in Chicago in the league play-off and two in Atlanta in last year's World Series).

Schilling, the National League Championship Series' most valuable player but the first-game loser in the Series, experienced only one troublesome inning. That was the eighth, when Pat Borders and pinch-hitter Rob Butler singled with no one out.

Willie Canate, running for Borders, reached third on Butler's single but then got trapped between third and home when Rickey Henderson hit a bouncer off Schilling's glove. Schilling quickly retrieved

the ball on the mound and threw home.

Daulton ran Canate back to third, then threw to Dave Hollins, and the third baseman chased Canate toward the plate. Butler, making a rookie mistake, stood at second instead of going to third as Hollins pursued and caught Canate.

Schilling did not allow the runners to advance any farther, striking out Devon White and retiring Roberto Alomar on a grounder to second.

Like Schilling, Guzman pitched more effectively than he did in the series opener. In his first outing, Guzman gave up four runs in five innings. This time he allowed only two runs, one unearned, and five hits in seven innings.

Dykstra created the first run. He led off the first inning by striking on a 3-2 pitch, then stole second and continued to third when Borders threw the ball wide of second into center field. Dykstra remained at third when Mariano Duncan hit a pop up to short-right field, but he scampered home as John Kruk grounded out to second.

Daulton began the second by rapping a fly ball to the fence in left-center field for a double. Guzman got Jim Eisenreich on a grounder to first, on which Daulton went to third and then Mitch Thompson on a fly to short left.

But Stocker, the shortstop and No. 8 batter in the lineup, drilled a double past a diving John Olerud along the right-field line.

If either team could have been expected to be affected adversely by the 4-hour-14-minute marathon of Wednesday night, it was the Phillies. They are the ones, after all, who squandered the 14-9 lead.

"Games like that are of real importance," said Joe Carter, the Blue Jays' veteran right fielder, before the game as he waited out the rain that canceled batting practice.

"You think you have the game won and then something happens. It would definitely be demoralizing. You can say it will not affect you. You can believe deep in your heart it won't. But that's a lot to be picked back up from. I'll tell you what. The Richter scale was about a minus 10 when we scored those runs last night."

Schilling evidently did not feel the aftershock of the crushing loss. Pitching against a team that had erupted for 25 runs in the first two games at Veterans Stadium — those without the designated hitter — the right-hander shut down the explosive hitters from the American League.

When he completed the sixth inning without having allowed a run, it marked the longest stretch of the Series that either team had held the other scoreless. Pat Hentgen spun out the Phillies for the first five innings of Game 3.

The sixth inning was typical of the difficulty the Blue Jays had with Schilling. With one out, he walked Henderson and White, the latter on a close 3-2 pitch.

But Alomar swung at the second pitch he saw from Schilling and grounded the ball to second baseman Duncan, who easily turned it into a double play.

The Blue Jays had only two hits

Series Game 5

Table showing Phillies vs Blue Jays scores for Game 5. Includes columns for Runs, Hits, Errors, and Innings for both teams.

World Series Scoreboard table listing scores for Games 1 through 5 between Philadelphia and Toronto.

3 Seeds Fall in Match Play

The Associated Press — Three of the four seeded players fell on Friday as nearly every one lit up the scoreboard with birdies and eagles — with Corey Pavin leading the way — in the quarter-finals of the World Match Play Championship.

Pavin's 7-under-par 65 in the morning session was the best 18-hole round of the tournament so far, but the American needed a few more birdies in the afternoon to hang on for a 2 and 1 victory over Nick Price of Zimbabwe.

Colin Montgomerie hit two eagles on the way to a 6 and 4 upset of Bernhard Langer, and David Frost made a late charge to defeat Ian Woosnam 2 and 1.

Only Nick Faldo was able to win after being granted the opening day off. The world No. 1 and defending champion broke open a tie match with a birdie-eagle finish to the morning round and went on to beat Steve Elkington 4 and 3.

Faldo and Elkington traded holes for most of their morning round before Englishman took command with a 9-iron approach to 3 feet at the 17th. He followed by a 15-foot eagle putt to close out a 2-under-par morning round of 70. Faldo gained three holes on the second trek up the front nine, shooting a 33 while Elkington 3-putted three times.

The Frost-Woosnam duel wasn't decided until Frost won back-to-back holes from the 32d. Woosnam chipped in from 27 feet at the 16th, but Frost did the same from 50 feet at the par-3 20th. Frost hit a 27-foot birdie putt at the 24th, then got a break at the par-3 32d when his drive went through the trees and landed on the green. He birdied the hole and held par over the next three to win.

Langer was the only golfer without a sub-par morning as he fell 2 down to Montgomerie after 18.

CHIC CLIQUE By Frances Hansen

Word puzzle grid with clues for 'ACROSS' and 'DOWN' words. Includes clues like 'Camp bed', 'Carmichael mush', 'Make yarn', etc.

SCOREBOARD

Table of NHL Standings for Eastern and Western Conferences, listing teams like New Jersey, Philadelphia, NY Rangers, etc.

BASEBALL

Table of Japanese Leagues and other baseball news, including team names and statistics.

ESCORTS & GUIDES

Advertisement for International Classified services, listing agencies like BELGRAVIA, ORCHIDS, MERCEDES, and others.

Solution to the puzzle from Oct. 16-17, showing the filled-in grid and answers.

Handwritten Arabic text at the bottom of the page: 'هكذا من الاصل'

DAVE BARRY

We Take On Big Issues

MIAMI — Health care reform, NAFTA, "Reinventing Government" — these are issues that deeply concern you, as an informed American, in the sense that if you read one more word about them, you are going to puke. Nevertheless, we intend to address them today, because we are a professional news commentator, and we feel that it is our responsibility, from time to time, to refer to ourselves in the plural.

HEALTH CARE REFORM:

This is an important issue, because many Americans are not receiving adequate health care. We certainly are not. We haven't been to our doctor's office in several years. Don't get us wrong: We love our doctor, whose name is Curt. He sits right behind us at basketball games, and we're deeply impressed by the wisdom of his observations, such as: "He's a BUM!" And: "This guy is a BUM!"

But the last time we went to Curt's office, he suddenly, without warning, put on a rubber glove and did something to us that we cannot discuss in the newspaper except to say that it gave us a deeper understanding of what it must feel like to be a Thanksgiving turkey.

Thus our only option, if we developed a serious medical problem, would be to do what millions of other Americans must do: Go to a basketball game. Our plan would be to get Curt's attention by dropping subtle hints. ("Hi, Curt. By the way, we have a large lesion!") Then, during timeouts, Curt could diagnose our condition by asking medical questions. ("Could you try not to bleed on my nose?") And: "How come you're referring to yourself in the plural?")

But this is not a long-term solution. For one thing, it doesn't work during basketball season. What we need is health care reform that would require doctors to return to the old type of physical examination wherein they don't actually touch you, but instead just ask a bunch of questions, to which the correct answer is always "no." ("Have you ever had the plague? Navel discharges? Eyeball worms? Any transplacental-transmitted diseases?") This would make all Americans feel more comfortable about medical care, and free them to think about the important issue of . . .

NAFTA: "NAFTA" is an acronym standing for "North Atlantic Treaty Organization." This agreement, hammered out by the United States, Canada, Mexico and Belgium, would enable the nations to trade freely with one another. For example, the United States could trade North Dakota, Kansas and a state to be named later to Canada in exchange for Toronto and Montreal.

Leading the support for NAFTA is President Clinton, who favors it because it is a humongously boring government thing that only he understands. Leading the opposition is "H.L. Ross Perot, the feisty, poplar, plain-spoken maverick billionaire space alien, who believes that the real purpose of NAFTA is — and he can prove this with charts — to disrupt his daughter's wedding.

Which side will prevail? That is a question that remains to be answered, unless it already WAS answered and we missed it. We frankly have't been paying much attention to NAFTA, because we're so excited about . . .

REINVENTING GOVERNMENT:

This is a brainstorm from Vice President Al (Mojo) Gore, who, while carrying out his vice presidential duties as stated in the Constitution ("The vice president shall wear a nice suit"), noticed that the federal government, in performing its many functions, demonstrates the collective brainpower of a sponge.

So the administration has a bold reform program under which the government would take such radical steps as — get ready — REQUIRING FEDERAL AGENCIES TO ANSWER THEIR TELEPHONES. Of course this would require intensive employee retraining programs ("O.K., you hear that sound? We call that 'ringing'"). Also, there would be some health risk to the thousands of elderly people who dialed the Social Security Administration, as far back as 1975 and have been hanging on the line ever since. Fortunately for them we will soon have health care reform, so they can all be treated, regardless of income level, at the basketball game of their choice.

Knight-Ridder Newspapers

Scenes From Marriage Made in Literature

By Joan Dupont

PARIS — The literary couples in history almost always looked like a lopsided, anti-social entity — one had genius, while the other suffered from the genius. How they devoured each other, Frieda and Lawrence, Zelda and Scott.

Louise Erdrich and Michael Dorris — young, gifted, and Native American — thrust out their work together and dedicate their books to each other. They even wrote a bestselling novel, "The Crown of Columbus," together. Most astonishing, they appear to thrive in each other's company. Recently in Paris, they gave a reading that was like a chamber concert, with voices that merged and separated.

Erdrich read from "The Bingo Palace," a novel to be published in January. Dorris read from "Rooms in the House of Stones," an account of a trip he made to Zimbabwe for Save the Children, and "Working Men," a short story collection.

In conversation, their voices are distinct; each listens carefully as the other explains how the collaboration works: "It took a long time to evolve this relationship," said Erdrich.

"It's harder to say, 'I don't think it's there yet' than to say 'it's wonderful,'" Dorris interjected. "I love Michael's work and I get obsessed with getting it as good as it can be." "We provide encouragement that it's going to be good; a lot of the time, Louise doesn't realize how good it's going to be."

With "Love Medicine" in 1984, Erdrich, who was 30, won the National Book Award. Subsequent novels, "The Beet Queen," "Tracks" and "The Bingo Palace," complete a quartet about tribal go-getters and losers who blow their luck in love and at bingo. Erdrich's characters — a cast as big as a Russian novel — mix magic powders and the kind of medicine that drive people crazy with lust and murderous with grief; they cast spells that work, the way her potent poetry works.

Erdrich has a beautiful high-placed face and laughing eyes, serene but not still. Born in North Dakota of a German father and French-Chippewa mother, she met Dorris — who is Irish, French and Modoc and looks all Irish — at Dartmouth College where he was teaching anthropology.

"I was an academic in a field not taken very seriously," says Dorris. "Louise was a poet who was always saying that she would make more money writing. Then it all happened very fast. Suddenly, our books were published in foreign countries and there were people who knew your life story from 'The Broken Cord'."

In "The Broken Cord" (awarded the Best Nonfiction Book of 1989 by the National Book Critics Circle), Dorris wrote about Adam, the first of three Indian children he had adopted as a single parent, and the discovery that the boy was a victim of fetal alcohol syndrome (damage caused by a mother's heavy drinking during pregnancy). When they married, Erdrich adopted the children as well. They lost Adam, who died in an accident, a few years ago. The other children suffer from the syndrome: "They've had rough lives," says Dorris. "They're on a schedule like so many kids who have that problem."

They also have three daughters, Persia, Pallas and Aza, who, Erdrich says, "have a normal capacity to enjoy life, which seems a miracle." They have made their home all over, from New Hampshire to Montana, which they are now leaving for Minneapolis because of the girls' schooling. Dorris says he is happy living anywhere: "When you



Writers Louise Erdrich and Michael Dorris: "We promise each other honesty and candor."

come from a background like mine, anything is gravy." His father was killed in World War II and he was raised by his mother and his aunts, which he thinks provided a model for single parenthood.

"I was raised by women," he says. "My mother's family were poor Irish immigrants at a time when Catholics in the South made up a very embattled minority because of the Ku Klux Klan. My mother wanted me to become a priest, and Catholicism formed a kind of frame that gives you something to react within and against: all of our characters have in common that they believe in something passionately or they're reacting to something passionately."

In fact, even though they are perceived as Native American, Dorris and Erdrich's mixed heritage, and their reaction to the Catholicism of their childhood gives their writing another dimension. Erdrich, whose mother is "missionized Chippewa," says she "writes about the kind of Catholicism that exists in these little pockets here and there."

"Once a Catholic you are never not a Catholic. You may lapse, but you are never free of it; it informs the way you look at the world. Even if you are not a believer, you have some wistful urges that you can't quite control, like imagining you have a soul."

Her schoolteachers were Franciscan nuns in long black robes. "After Vatican II, I got to join the God Squad and we had guitar Masses. Then I met Michael who knows all the saints and how they died and how they lived, how many wounds they had, and what their last words were. And so I had to get to know him better immediately, because I never remember all these and they're very important." What she calls "morbid Catholicism" is part of life on the reservations as she describes it in her novels.

"I never thought being Indian as being apart of myself. I am proud of my grandfather. He testified in Washington and he was a wonderful powwow dancer and a very funny man, but also quite sophisticated and hard working. He ran

a truck farm and he used to wear a red plastic fedora and smoke a cigar; he was the formative bingo player of the family."

Both writers are hard workers. "The German side of my family had this work ethic and Michael is just an unbelievable worker; we thrive on working hard," says Erdrich. "And we feel lucky to be able to do what we want . . . She adds: "Because I don't want to be a waitress; it's a fine thing to do when you're a young person, but it's hard on the feet."

They do not work side by side, but in different spaces, and, once they have finished, read aloud. "We go over the manuscript closely and it's a word-by-word argument," says Dorris. "We discuss what will happen to the character over, which keeps it very much alive. I take all of Louise's suggestions, and I think she takes most of mine. We promise each other honesty and candor. In 'The Bingo Palace,' we went back and forth; then one morning, Louise had written what turned out to be the final draft. I went to my office at 5 A.M. and read it, and it just blew me away. That's the pleasure that you wait for, and that's the pleasure you get by being 10 times tougher than any editor."

"The Crown of Columbus," the novel they wrote together, got fine reviews, but for the first time, there was an inkling of complaint about the Erdrich-Dorris image — they were too prolific, too successful — as if they were posing as household saints of the current literary scene. "And you know what happens to saints," draws Erdrich. "They get martyred in horrible ways."

"You would think that the experience of 'The Broken Cord' would have taken a little bit of the edge off that. Because our lives haven't been so perfect," says Dorris. Erdrich adds: "Everybody knows that marriage is more complicated than can ever be explained."

Joan Dupont is a Paris-based writer specializing in the arts.

PEOPLE

Axl Rose Settles a Suit, Throws in Autograph

He got some money, and Axl Rose's autograph too. And now everybody's happy. A fan who took Rose to court, claiming he was hurt in a scuffle with the rocker during a concert, reached an out-of-court settlement in St. Louis, Missouri. Details of the settlement were not released, but the 31-year-old rock star said he "felt great." The 28-year-old fan, William Stephenson, had sought at least \$210,000 in damages for back and ear injuries. He said he was injured when the singer jumped off a stage during a 1991 Guns N' Roses concert in St. Louis.

Michael Jackson postponed the first of two shows in Chile hours before he was due to go on stage Thursday. The organizers said Jackson has stomach problems and that the concert scheduled for Thursday has been moved to Monday. Jackson's other date is set for Saturday at Santiago's National Stadium. His organizers denied a report the cancellation was due to the star's fears for his safety after several people were killed in a gunfight between police and bank robbers near his hotel.

Dan Quayle's spelling might be a bit shaky but he's planning a new book anyway on his recent trials and tribulations. The former vice president says there's even a chapter in his upcoming memoirs called "Murphy and Me." "Another chapter that is much more difficult to write — is, 'How to Lose an Election,'" Quayle said. He criticized the TV character Murphy Brown during the 1992 campaign for choosing to have a baby, but not marry.

Roger Moore, known for his movie roles as James Bond, the British Secret Service agent, ceased to kill, says guns make him nervous. "The only acting I ever did was trying not to blink because as soon as I pick up a gun I start hiccuping," Moore told children during a UNICEF appearance in Helsinki.

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WEATHER

Weather forecast section including a map of the world and detailed weather data for various regions: Europe, Asia, North America, South America, Middle East, and Oceania. Includes temperature, high/low, and wind speed information.

POSTCARD

International Tourism Is Booming in Sinai Peninsula

By Youssef M. Ibrahim

SHARM EL SHEIKH, Egypt — In a tiny office in a shopping mall huzzing with tourists, Marina Legnani was marketing the last of three \$230,000 luxury villas that had been built on a beautiful bay at the tip of the Sinai Peninsula.

"I can't guarantee it will be here next week," Legnani said of the house, which was still under construction. It was a typical hard sell, but the pitch by the Italian commercial representative was no exaggeration.

A decade after Egypt retrieved it from Israel, the peninsula, which had been nothing more than a huge triangle of desert lying next to one of the world's most beautiful marine preserves, has become the most sought-after resort in the Middle East.

Tourists, largely from Italy, Germany, elsewhere in Europe and Israel, are landing at international airports in Sinai to spend their vacations here, bypassing the rest of Egypt with its Pharaonic and Islamic monuments in favor of a week or two in this desert. The "visit Sinai" pitch has been so successful that it has filled most of the hotels here even as

hundreds of hotels in the rest of Egypt have gone begging for clients since a British tourist was killed near Asyut a year ago.

"Business is booming," said Annatina Pinosch, the manager of the Movenpick Hotel here. "We are expanding the hotel. Most of the tourists who come here are under the impression they are coming to some separate entity called Sinai, which has nothing to do with the rest of Egypt."

And they keep on coming, she said. "We were fully booked in July and August, and I expect a great season in the autumn," when temperatures are 25 to 30 degrees centigrade (75 to 85 Fahrenheit). The number of hotels in Sharm el Sheikh has jumped from five in 1988 to more than 30, with about 10 more projected to be in place by 1995. Investors have kept pouring in money here in the past year, despite a slowdown elsewhere in Egypt.

There have been no acts of violence tied to Islamic militants in Sinai. Pinosch said she detected little fear of terrorism among her customers, especially among the Italians who form the majority of the tourists in Sharm el Sheikh. Another large component of the tourist crowd here is from Israel, which occupied Sinai from 1967 to 1983. It was the Israelis who

began developing the area as a tourist destination, appealing mainly to desert lovers and scuba divers who swim among the lush coral reefs just offshore. The first hotel built in Sharm el Sheikh was an Israeli creation during the occupation years.

Divers are coming in ever-larger numbers, with the number of diving centers growing from 6 in 1989 to 18 this year. But the tourist composition has changed, with the majority of a more traditional beach-resort type, determined to get the deepest suntan, eat, swim a little and go to a disco at night.

"We started with 85 percent divers and 15 percent beach-sitters back four years ago," said Michael Pearson, manager of the Ras Mohamed National Preserve. "Today, only 45 percent of visitors are divers."

The preserve, a 210-square-kilometer expanse of land plus underwater areas where coral reefs, fish, plants, shells and fossils are protected, is jointly managed by the Egyptian government and the European Community. In the last four years, the preserve has been expanded to include almost all the territory around Sharm el Sheikh, from the Gulf of Suez to the west to the Gulf of Aqaba to the east.

"I wonder if the little guy had fun today?"



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